AN INVESTIGATION INTO THE BUSINESS ENVIRONMENT OF SMALL, MEDIUM AND MICRO INDEPENDENT CATERERS IN CAPE TOWN

by

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submitted in accordance with the requirements

for the degree of

MASTER OF COMMERCE

in the subject

BUSINESS MANAGEMENT

at the

UNIVERSITY OF SOUTH AFRICA

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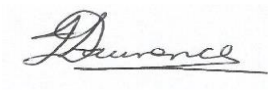
August 2020

DECLARATION

I declare that this dissertation entitled **"An Investigation into the Business Environment of Small, Medium and Micro Independent Caterers in Cape Town"** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the dissertation to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.



18 August 2020

Mrs. J Lawrence Date

ACKNOWLEDGEMENTS

I would like to express my sincere thanks and gratitude to my supervisor, Professor Sharon Rudansky-Kloppers. Your clear guidance and direction and your insightful and knowledgeable comments and advice were of tremendous value and benefit to me throughout the dissertation and I learned a great deal. I also greatly appreciated your quick response to the submission of chapters and queries and your continual support of and commitment to my research project.

A very special thank you goes to Dr Marthi Pohl. Thank you so much for your willingness to assist me with the statistical analysis. I am very grateful. Thank you also for your expert guidance in this field. It is deeply appreciated.

I would like to thank Dr Dion van Zyl for his valuable input into the questionnaire and early data analysis. Thank you also to Diederik van Zyl for his assistance with the online survey.

I thank Retha Burger for her excellent editing of the dissertation.

To my husband, Colin and daughter Joëlle, thank you very much for your encouragement and support during this time.

Last, but not least, I would like to give honour and praise to God for His grace and mercy throughout my studies.

.

ABSTRACT

The environment in which a business operates consists of various forces which exert positive or negative influences on the business. Since they contribute to or deter from the achievement of business objectives, it is essential that they be identified and investigated. The aim of this study was to determine the environmental forces which affect the operations of small, medium and micro independent caterers in Cape Town. In this context, the micro, market and macro-environments were examined. It is hoped that the results of the study will assist these caterers in their awareness of pertinent factors in their business environment, as well as the strengths, weaknesses, opportunities and threats arising therein. They can use this information in strategy development, to reach their objectives, and to enhance their competitive advantage and profitability.

Primary data was collected from the business owners or managers through an online survey. The survey covered firmographic business details, as well as demographic details of the owners/managers. Thereafter, their opinions were elicited regarding the impact of various factors in their business environment. The main findings are the following: The greatest positive impacts on the small, medium and micro independent caterers are the abilities of the owners/managers, relationships with suppliers, the internet, and the control of materials and production processes. The greatest challenges faced are financial resources, marketing strategies, online services, competitors, customer demands, the current state of the economy and legal regulations.

Keywords: Business environment, Environmental forces, Micro-environment, Market environment, Macro-environment, SWOT analysis, Small and Medium Enterprises (SMEs), Small, Medium and Microenterprises (SMMEs), Small, Medium and Micro Independent Caterers (SMMICs), Cape Town, South Africa

OPSOMMING

Die omgewing waarin 'n onderneming werksaam is, bestaan uit verskeie magte wat die onderneming positief of negatief kan beïnvloed. Aangesien dit tot die onderneming se doelstellings kan bydra of keer dat die onderneming dit bereik, is dit noodsaaklik dat dit geïdentifiseer en ondersoek word. Die doel van hierdie studie was om die omgewingsmagte te bepaal wat die werksaamhede van klein, medium en mikro-onafhanklike spyseniers in Kaapstad beïnvloed. In hierdie konteks is die mikro-, mark- en makro-omgewings ondersoek. Die hoop is dat die bevindings van die studie hierdie spyseniers sal help om bewus te wees van die toepaslike faktore in hul sakeomgewing asook hul sterkpunte, swakpunte, geleenthede en bedreigings wat daarin tot stand kom. Hulle kan hierdie inligting gebruik om 'n strategie te ontwikkel om hul doelstellings te bereik en hul mededingingsvoorsprong en winsgewendheid te bevorder.

Primêre data is van sake-eienaars of -bestuurders verkry deur 'n aanlyn opname. Die opname het die onderneming se firmografiese besonderhede asook die eienaars/bestuurders se demografiese besonderhede gedek. Daarna is hul menings oor die invloed van verskeie faktore in hul sakeomgewing gevra. Die volgende is bevind: Die grootste positiewe invloede op klein, medium en mikro-onafhanklike spyseniers is die eienaars/bestuurders se vermoëns, verhoudings met verskaffers, die internet en die beheer van materiale en produksieprosesse. Die grootste uitdagings was finansiële hulpbronne, bemarkingstrategieë, aanlyn dienste, mededingers, klante se eise, die huidige stand van die ekonomie en wetlike regulasies.

Sleutelwoorde: Sakeomgewing, Omgewingsmagte, Mikro-omgewing, Bemarkingsomgewing, Makro-omgewing, SWOT-ontleding, Klein en medium ondernemings (KMOs), Klein, medium en mikro-ondernemings (KMMOs), Klein, medium en mikro-onafhanklike spyseniers (KMMOSs), Kaapstad, Suid-Afrika

ISISHWANKATHELO

Indawo eliqhubeka kuyo ishishini inamasolotya amaninzi asenokuba nefuthe elihle okanye elibi kwishishini elo. Njengoko la masolotya encedisa okanye ethintela ukuphunyezwa kweenjongo zeshishini, kubalulekile ukuba anakanwe kwaye aphandwe. Injongo yesi sifundo yayikukuphonononga amanqanaba achaphazela ukusebenza kwamashishini okupheka azimeleyo, amancinci, aphakathi namancinci kakhulu eKapa. Kule meko, kwaqwalaselwa iindawo zokusebenza ezincinci kakhulu, ezinkulu kakhulu neemarike. Kuthenjwa ukuba iziphumo zesi sifundo ziya kubanceda oosomashishini bokupheka ukuze baqaphele imibandela ebalulekileyo malunga nomsebenzi wabo, baqonde amandla, ubuthathaka kunye namathuba avelayo kolu shishino. Bangalusebenzisa olu lwazi ekuqulunqeni amacebo obulumko okuphumeza iinjongo zabo kunye nokomeleza amathuba abo okuphumelela kukhuphiswano nokwenza inzala.

Kwenziwa uhlolo zimvo kusetyenziswa i-intanethi ekuqokeleleni ulwazi ngqo kubanini nabaphathi bamashishini. Olu hlolo zimvo lwaqwalasela iinkcukacha ezingundoqo zamashishini kwakunye nesibalo sabanini/abaphathi bamashishini. Emva koko, kwafunwa izimvo zabo malunga nefuthe lemiba ethile kwiindawo zabo zoshishino. Okuphambili okwafunyaniswayo koku: Okona kukhulu okuchaphazela kakuhle amashishini okupheka azimeleyo amancinci, aphakathi namancinci kakhulu ngamandla okuba nakho abanini/abaphathi, ulwalamano nabo bathengisa izixhobo zokuqhuba ishishini, i-intanethi, kunye nolawulo lweenkqubo zokuvelisa. Eyona mingeni iphambili yimithombo yemali, amacebo okubhengeza ishishini, iinkonzo zokuthenga ngeintanethi, abakhuphisani, izinyanzeliso zabaxumi, isimo sezoqoqosho esigqubayo kwakunye nemigaqo yomthetho.

Amagama aphambili: Isimo esigqonge ushishino, Iimeko ezingqongileyo, Isimo esingqonge ishishini elincinci kakhulu, Isimo esingqonge ukubhegeza ishishini, Isimo esingqonge ishishini elikhulu kakhulu, uhlalutyo lwamandla nobuthathaka (i-*SWOT*), Amashishini Amancinci Naphakathi (ii*SMEs*), Amashishini Amancinci, Aphakathi

TABLE OF CONTENTS

DECLARATION ..... **i**
ACKNOWLEDGEMENTS ..... **ii**
ABSTRACT ..... **iii**
OPSOMMING ..... **iv**
ISISHWANKATHELO ..... **v**
TABLE OF CONTENTS ..... **vi**
LIST OF FIGURES ..... **x**
LIST OF TABLES ..... **xii**
LIST OF ABBREVIATIONS AND ACRONYMS ..... **xiv**
CHAPTER 1: BACKGROUND AND PROBLEM STATEMENT **1**
1.1 INTRODUCTION **1**
1.2 BACKGROUND TO THE STUDY **1**
1.2.1 Cape Town 3
1.2.2 Motivation for the study 4
1.3 LITERATURE REVIEW **4**
1.3.1 The business environment 5
1.3.2 Micro environment 5
1.3.3 Market environment 6
1.3.4 Macro environment 7
1.3.5 SWOT analysis 9
1.3.6 Challenges faced by SMEs/SMMEs in the business environment 9
1.4 RESEARCH PROBLEM AND OBJECTIVES **10**
1.5 LIMITATIONS OF THE STUDY **11**
1.6 RESEARCH DESIGN AND METHODOLOGY **12**
1.6.1 Primary research 12
1.6.2 Target population 13
1.6.3 Sample frame 13
1.6.4 Sampling method and size 13
1.6.5 Data collection 14
1.6.6 Ethical considerations 14
1.6.7 Data processing and analysis 15
1.6.8 Research validity and reliability 16
1.7 CHAPTER OUTLINE **16**
1.8 CONCLUSION **17**
CHAPTER 2: SMMICS IN CAPE TOWN AS PART OF THE SOUTH AFRICAN HOSPITALITY INDUSTRY **18**
2.1 INTRODUCTION **18**
2.2 THE HOSPITALITY INDUSTRY **19**

2.2.1 Characteristics of the hospitality industry offering 19
2.3 FOOD AND BEVERAGE SECTOR 21
2.3.1 Nature of the food and beverage offering 22
2.3.2 Food and beverage statistics in South Africa 23
2.3.3 Sub-sectors in the food and beverage sector 25
2.3.4 Demand in the food and beverage sector 26
2.3.5 Critical success factors in the food and beverage sector 30
2.4 CATERING SEGMENT OF THE FOOD AND BEVERAGE SECTOR 31
2.4.1 Concept of catering 31
2.4.2 Brief history of catering 32
2.4.3 Types of caterers 33
2.4.4 Catering industry in South Africa 38
2.5 SMALL, MEDIUM AND MICRO INDEPENDENT CATERERS (SMMICS) 39
2.5.1 Nature of SMMICs 39
2.5.2 Business context of SMMICs 40
2.5.3 Demand and supply with regard to SMMICs 43
2.5.4 Quality assurance of SMMICs 46
2.6 CONCLUSION 46
CHAPTER 3: THE BUSINESS ENVIRONMENT OF SMALL, MEDIUM AND MICRO INDEPENDENT CATERERS 47
3.1 INTRODUCTION 47
3.2 THE NATURE OF THE BUSINESS ENVIRONMENT 47
3.3 THE MICRO ENVIRONMENT 49
3.3.1 Vision, mission and objectives 49
3.3.2 Management functional areas 51
3.3.3 Resources of the business 60
3.4 THE MARKET ENVIRONMENT 61
3.4.1 The market environment 62
3.4.2 The competitive environment 63
3.4.3 The supply environment 67
3.4.4 The intermediary environment 69
3.5 THE MACRO ENVIRONMENT 70
3.5.1 The socio-cultural environment 70
3.5.2 The technological environment 71
3.5.3 The economic environment 73
3.5.4 The physical environment 75
3.5.5 The political-legal environment 76
3.5.6 The international environment 77
3.6 SWOT ANALYSIS 78
3.7 CONCLUSION 80
CHAPTER 4: RESEARCH METHODOLOGY 81

4.1 INTRODUCTION 81
4.2 CONCEPTUALISATION OF THE RESEARCH 81
4.3 THE RESEARCH PROCESS 81
4.3.1 Step 1: Identify and define problem 82
4.3.2 Step 2: Develop research objectives 83
4.3.3 Step 3: Select research design 83
4.3.4 Step 4: Conduct secondary research 88
4.3.5 Step 5: Select primary research method 88
4.3.6 Step 6: Determine sample frame 94
4.3.7 Step 7: Conduct pre-test 95
4.3.8 Step 8: Collect data 96
4.3.9 Step 9: Process data 97
4.3.10 Step 10: Data analysis 98
4.3.11 Step 11: Develop and report findings and conclusions 102
4.4 RESEARCH ETHICS 102
4.5 CONCLUSION 103
CHAPTER 5: DESCRIPTIVE DATA ANALYSIS AND INTERPRETATION 104
5.1 INTRODUCTION 104
5.2 DESCRIPTIVE ANALYSIS OF THE RESEARCH FINDINGS 104
5.2.1 Firmographics 104
5.2.2 Demographics 113
5.2.3 The micro environment 116
5.2.4 The market environment 120
5.2.5 The macro environment 126
5.2.6 Other factors 134
5.3 SUMMARY OF THE FINDINGS 136
5.4 CONCLUSION 142
CHAPTER 6: INFERENTIAL DATA ANALYSIS AND INTERPRETATION 143
6.1 INTRODUCTION 143
6.2 EXPLORATORY FACTOR ANALYSIS 143
6.2.1 Micro-environment (General management) 144
6.2.2 Market environment: Customers and competitors 144
6.2.3 Market environment: Suppliers 145
6.2.4 Market environment: Intermediaries 146
6.2.5 Macro environment: Various factors 147
6.3 FACTOR DESCRIPTIVES 149
6.4 RELATIONSHIP ANALYSIS 151
6.5 DIFFERENCE TESTING 155
6.5.1 Differences between the age groups and roles/positions of the owners/managers regarding impact of business environment factors 155

6.5.2 Differences between males and females regarding impact of business environment factors 158
6.5.3 Differences between businesses located in houses versus business premises regarding impact of business environment factors 161
6.5.4 Differences between small and very small businesses regarding impact of business environment factors 165
6.5.5 Differences between businesses that have actively maintained websites versus businesses that do not regarding impact of business environment factors . 169
6.6 CATEGORICAL PRINCIPAL COMPONENT ANALYSIS OF QUESTION 13 ... 173
6.6.1 Component descriptives..... 175
6.6.2 Relationship analysis 175
6.6.3 Difference testing 176
6.7 SUMMARY OF THE FINDINGS 186
6.8 CONCLUSION 193
CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS 194
7.1 INTRODUCTION 194
7.2 ADDRESSING THE RESEARCH AIM AND OBJECTIVES 194
7.3 FINDINGS, CONCLUSIONS AND RECOMMENDATIONS BASED ON THE ANALYSIS OF THE RESEARCH..... 195
7.3.1 Firmographic profile of the SMMICs 195
7.3.2 Demographic profile of the respondents..... 196
7.3.3 Conclusions and recommendations related to the micro environment of SMMICs 197
7.3.4 Conclusions and recommendations related to the market environment of SMMICs 201
7.3.5 Conclusions and recommendations related to the macro environment of SMMICs 205
7.3.6 Conclusions and recommendations related to the open-ended question.... 210
7.3.7 Conclusions and recommendations for questions 12, 13, 14, 15, 16, 17.... 211
7.4 SYNCHRONISATION OF THE RESEARCH OBJECTIVES WITH THE FINDINGS AND RECOMMENDATIONS OF THE STUDY 215
7.5 LIMITATIONS OF THE STUDY..... 225
7.6 SUGGESTIONS FOR FURTHER RESEARCH 225
7.7 CONCLUSION 226
LIST OF REFERENCES 228
APPENDICES..... 240
APPENDIX A: ETHICAL CLEARANCE CERTIFICATE 241
APPENDIX B: PARTICIPANT INFORMATION AND CONSENT FORM 243
APPENDIX C: QUESTIONNAIRE..... 248
APPENDIX D: FREQUENCY TABLES OF DESCRIPTIVE STATISTICS 257
APPENDIX E: MEAN RANKS TABLES 301
APPENDIX F: DECLARATION OF PROFESSIONAL EDIT 305

LIST OF FIGURES

Figure 1.1: The business environment of South African SMEs/SMMES 5
Figure 2.1: Progression from the hospitality industry to SMMICs..... 18
Figure 2.2: Characteristics of the hospitality industry..... 20
Figure 2.3: Examples of food and beverages at restaurants or catering events..... 22
Figure 2.4: Contribution of outlet types to food sales for December 2019..... 24
Figure 2.5: Segmentation variables for consumer markets..... 28
Figure 2.6: Critical success factors in the food and beverage sector 30
Figure 2.7: Scenes depicting the history of catering 32
Figure 2.8: Various types of catering operations 34
Figure 2.9: Off-premise catering model 45
Figure 3.1: The business environment of SMMICs..... 48
Figure 3.2: Micro environment of small, medium and micro independent caterers 49
Figure 3.3: Qualities of a successful caterer..... 51
Figure 3.4: Organisation chart of an off-premise caterer 52
Figure 3.5: Marketing Cycle 54
Figure 3.6: Examples of locations used in off-premise catering events..... 56
Figure 3.7: Example of a commercial kitchen..... 57
Figure 3.8: Catering staff..... 57
Figure 3.9: Examples of serving ware 59
Figure 3.10: Categories of resources in an organisation 60
Figure 3.11: The market environment of the business..... 61
Figure 3.12: The corporate and social markets of SMMICs..... 63
Figure 3.13: Major factors offsetting market attractiveness..... 64
Figure 3.14: Map of the greater Cape Town area..... 65
Figure 3.15: Example of SMMICs in Cape Town promoting their offerings on their websites..... 66
Figure 3.16: Examples of SMMICs in Cape Town highlighting areas of differentiation 67
Figure 3.17: Web pages of food and catering equipment suppliers in Cape Town 68
Figure 3.18: Macro-environment variables which impact SMMICs 70
Figure 3.19: 3D-food printing..... 72
Figure 3.20: South African inflation rate (2011 – 2019) 74
Figure 3.21: SWOT factors applicable to caterers..... 79
Figure 4.1: The research process..... 82
Figure 4.2: Descriptors of the research design..... 84
Figure 4.3: Important aspects in the design and use of questionnaires 90
Figure 5.1: House vs business premises (n=112)..... 106

Figure 5.2: Number of years in operation (n=112) 107
Figure 5.3: Forms of promotion (n=112) 108
Figure 5.4: Category of business according to size (n=109) 109
Figure 5.5: Associations (n=112) 110
Figure 5.6: Role or position in the business (n=112) 113
Figure 5.7: Number of years in role or position (n=112) 114
Figure 5.8: Gender (n=112) 115
Figure 5.9: Age group (n=112) 115
Figure 5.10: Mission, vision and objectives (n=112) 116
Figure 5.11: Qualities of the owner/manager (n=112) 117
Figure 5.12: Functional areas and resources (n=112) 118
Figure 5.13: Customers (n=112) 121
Figure 5.14: Competitors (n=112) 122
Figure 5.15: Suppliers (n=112) 123
Figure 5.16: Intermediaries (n=112) 125
Figure 5.17: Socio-cultural factors (n=112) 126
Figure 5.18: Technological factors (n=112) 128
Figure 5.19: Physical factors (n=112) 129
Figure 5.20: Political-legal factors (n=112) 130
Figure 5.21: International factors (n=112) 131
Figure 5.22: Economic factors (n=112) 133
Figure 5.23: Macro environmental factors (n=112) 134
Figure 5.24: Other factors (n=112) 135

LIST OF TABLES

Table 2.1: Sub-sectors in the food and beverage sector 25

Table 2.2: Sub-sectors in the food and beverage sector 37

Table 2.3: Classification of the categories of SMEs in accordance with the standard industrial classification 41

Table 2.4: Classification of the categories of SMEs relating to the catering sector 43

Table 4.1: Details of the questionnaire 93

Table 5.1: Location (n=112) 105

Table 5.2: Full-time, part-time and seasonal employees 109

Table 5.3: Contribution to revenue from business catering and social catering 111

Table 5.4: Contribution to revenue from on-premise and off-premise catering 112

Table 5.5: Catering for budget events, mid-scale events and upscale events 112

Table 5.6: Summary of the findings 137

Table 6.1: Factor loadings: General management 144

Table 6.2: Factor loadings: Customers and competitors 145

Table 6.3: Factor loadings: Suppliers 146

Table 6.4: Factor loadings: Intermediaries 147

Table 6.5: Factor loadings: Macro environmental factors 148

Table 6.6: Variable descriptives 150

Table 6.7: Pearson Correlation Coefficients 152

Table 6.8: Kruskal-Wallis test for Age 156

Table 6.9: Kruskal-Wallis test for Role/Position 156

Table 6.10: Mean and standard deviation for business environment impact factors per gender group 158

Table 6.11: Student t-test: differences between males and females with regard to the impact of each of the business environment factors 159

Table 6.12: Mean and standard deviation for business environment impact on location .. 162

Table 6.13: Student t-test: differences between location in houses versus business premises 163

Table 6.14: Mean and standard deviation for business environment impact on size 166

Table 6.15: Student t-test: differences between small and very small businesses with regard to the impact of each of the business environment factors 167

Table 6.16: Mean and standard deviation for business environment impact on website .. 170

Table 6.17: Student t-test: differences between businesses that have actively maintained websites versus those that do not with regard to the impact of each of the business environment factors 171

Table 6.18: Component loadings: Functional areas and resources 174

Table 6.19: Variable descriptives 175

Table 6.20: Pearson Correlation Coefficients 176

Table 6.21: Kruskal-Wallis test for age 177
Table 6.22: Kruskal-Wallis test for role/position 178
Table 6.23: Mean and standard deviation for functional dimension impact on website 179
Table 6.24: Student t-test: differences between businesses that have actively maintained websites versus those that do not with regard to the existence of each of the functional dimensions 180
Table 6.25: Mean and standard deviation for functional dimension impact per gender group 181
Table 6.26: Student t-test: differences between males and females with regard to the existence of each of the three functional dimensions 182
Table 6.27: Mean and standard deviation for functional dimension impact on location 183
Table 6.28: Student t-test: differences between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions. 184
Table 6.29: Mean and standard deviation for functional dimension impact on size 185
Table 6.30: Student t-test: differences between small and very small businesses with regard to the existence of each of the three functional dimensions 186
Table 6.31: Summary of the findings 187
Table 7.1: Firmographic profile of the SMMICs 196
Table 7.2: Demographic profile of the respondents 197
Table 7.3: Summary of the research objectives, main findings and recommendations .. 216

LIST OF ABBREVIATIONS AND ACRONYMS

The following abbreviations are used throughout the study.

CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
FEDHASA	Federated Hospitality Association of South Africa
HACCP	Hazard Analysis Critical Control Point
SA CHEFS	The South African Chefs Association
StatsSA	Statistics South Africa
SMEs	Small and medium-sized enterprises
SMMEs	Small, medium and micro-sized enterprises
SMMICs	Small, medium and micro independent caterers
SWOT	Strengths, weaknesses, opportunities, threats

CHAPTER 1:
BACKGROUND AND PROBLEM STATEMENT

1.1 INTRODUCTION

The chapter commences with a brief discussion of the background to and motivation for the study. Thereafter, a brief literature review is presented, the research problem is explained and the objectives of the study outlined. Some limitations in the research are also noted. Next, the research design and methodology used in the study are described. Finally, the layout of the chapters of the study is indicated.

1.2 BACKGROUND TO THE STUDY

The purpose of this research study was to analyse the business environment of small, medium and micro independent caterers (SMMICs) in Cape Town.

Caterers fall within the catering industry, which in turn, resorts under the hospitality industry in South Africa. The Federated Hospitality Association of South Africa (FEDHASA) is the official representative of the hospitality industry and is the umbrella association for hotels, restaurants, conference centres, caterers, self-catering accommodation, home-hosting establishments (bed and breakfasts, guest houses), clubs, taverns, shebeens, suppliers and trainers, consultants and service providers to the hospitality industry in South Africa (FEDHASA, 2019). The hospitality industry also falls under the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) in South Africa, where it comprises the largest sub-sector (at 69%) and is also the largest employer (at 67%) of employees in the sector (CATHSSETA, 2019).

From a global perspective, the hotel, catering and tourism sector is one of the fastest growing sectors worldwide and because it is labour-intensive, it is one of the best sectors for creating jobs (International Labour Organization, 2019). In South Africa, the restaurant, fast food and catering sector provides estimated employment to more than 200 000 people, and in 2018, generated revenue of R68.27 billion with a real revenue growth of 2.8% (Veitch, 2016, 2019).

Catering is defined as the “planned service of food and beverages”, and catering services can generally be provided in a range of different types of venue (Scanlon,

2013:vii). There are various types of enterprises which offer catering services. These include full-service restaurants, hotel food-and-beverage facilities, contract caterers, independent caterers, country clubs, gourmet food shops and delicatessens (Scanlon, 2013:vii).

As the focus of this study, contract caterers and independent caterers need to be further defined. The Cambridge English dictionary online (2019) defines a contract caterer as “a company that prepares meals for other companies and organisations and not to the general public.” In contrast, independent caterers are defined as businesses which ”offer catering services to the general public and operate with and without permanent facilities of their own in which to hold functions” (Scanlon, 2013:42). They also “operate independently”, as opposed to caterers who are “sizeable corporate entities with dozens and even hundreds of employees.” Weinberg (2007:1). In addition, most small independent caterers focus on off-premise catering, which entails preparing the food at their premises and then transporting and serving it at a location of the client’s choice (Shock & Steffanelli, 2001:1).

The research focus is on small, medium and micro-sized independent caterers (SMMICs) that fall under the classification of small and medium-sized enterprises (SMEs), or small, medium and micro-sized enterprises (SMMEs). A lack of coherence exists in how SMEs are defined, with definitions differing across different studies, policy documents and legislation (SBIBaseline, 2020:2). In addition, SME and SMME classifications are used interchangeably in South Africa (WRSeta, 2014:9).

A general definition of an SME is that it “has a relatively small share of the market place; it is managed by owners, or part owners, in a personalised way and not through the medium of a formalised management structure; and it is independent in that it is not part of a larger enterprise.” (WRSeta, 2014:6-7). An example of how the SMMEs and SMEs overlap is shown in the next paragraph. (Although the term ‘SME’ is used, it also refers to micro businesses, which fall under SMMEs.)

It is estimated that in South Africa, SMEs constitute 91% of formalised businesses, and employ about 60% of the labour force, while their total economic output accounts for about 34% of the gross domestic product (GDP) (Banking Association of South Africa, 2019). However, the Small Business Institute estimates that, while SMEs made up 98.5% of formal firms (micro firms - 66%, small firms - 26%, medium firms - 6.5%)

in 2016, they only employed about 28% of the working population, compared to 60%-70% in other parts of the world. In addition, micro firms had the lowest number of employees, followed by small and medium firms (SBIBaseline, 2020).

In a similar example, it is noted that SMEs (including SMMEs) are recognised as important drivers of job creation, economic growth and development in South Africa (SME South Africa, 2019).

It is thus evident that SMEs and SMMEs are regarded and analysed separately by some authors and publications, while viewed and treated in a collective sense by others.

Research on SMMEs has established that they experience difficulties with regard to access to finance and credit, poor infrastructure, inadequately educated work force, burdensome labour legislation, inefficient government bureaucracy, high levels of crime, and limited access to markets (SEDA, 2016, 6-10).

Further information on SMEs/SMMEs and on the catering industry is provided in Chapter 2 which explores the literature on the catering industry as part of the hospitality industry in South Africa. The nature, business context and customers of SMMICs are also investigated.

As the research was conducted in the City of Cape Town, some statistics relating to the economy of the City of Cape Town are provided below.

1.2.1 Cape Town

Cape Town, with a population of just over four million people, is recognised as an important economic and business hub in South Africa. PricewaterhouseCoopers (PwC) recognised Cape Town as the top opportunity city in Africa (PwC, 2018). Between 2012 and 2017, the city experienced an average growth rate of 2%, compared to 1.7% nationally, and it was also the second highest contributor to total employment in South Africa in 2017 (City of Cape Town, 2018a). In 2017, the real GDP per capita in Cape Town was R106 839, compared to R82 262 nationally, while the highest contributing industries were finance, trade and manufacturing (City of Cape Town, 2018b).

The food and beverage industry in Cape Town was the largest contributing non-tertiary sector to its economic growth between 2014 and 2018, with a growth rate of more than

2% per annum, and it contributed 4.1% of formal employment (Invest Cape Town, 2019).

The city has committed to assisting and enabling about 500 SMEs per year until 2022 with support, such as skills development and guidance related to regulatory compliance (City of Cape Town, 2018a). In addition, the Invest Cape Town Business Hub supports local entrepreneurs and SMEs with information in setting up and running businesses (Invest Cape Town, 2019). SMMICs in Cape Town are thus able to take advantage of and benefit from these aid initiatives.

1.2.2 Motivation for the study

It is envisaged that the knowledge gained from this research into the business environment of SMMICs in Cape Town will assist the owners or managers of these enterprises by enhancing their awareness and understanding of the factors in the business environment that impact on their businesses. It is anticipated that this will contribute to improving their competitive advantage and ultimate profitability. It is also envisioned that the study will contribute toward the academic literature of caterers, as SMMEs in South Africa.

The next section presents a short literature review of the business environment of SMEs as further background information to the study.

1.3 LITERATURE REVIEW

The literature review in this research study is covered in Chapters 2 and 3. As indicated earlier, Chapter 2 explores the literature on the catering industry as part of the hospitality industry in South Africa. Chapter 3 analyses the business environment of SMMICs in detail, specifically the micro, market and macro environments. In addition, the elements of a SWOT analysis are examined in the context of this business environment.

A brief literature review is presented below. As there is a paucity of academic resources on caterers in South Africa, the focus is on SMEs, since the caterers in the study fall within this category.

1.3.1 The business environment

The business environment consists of all the factors that have an influence on a business, whether positive or negative, and that therefore aid or deter the business from reaching its objectives (Botha, 2018:29). Figure 1.1 below is a representation of the business environment as it applies to South African SMEs/SMMEs.

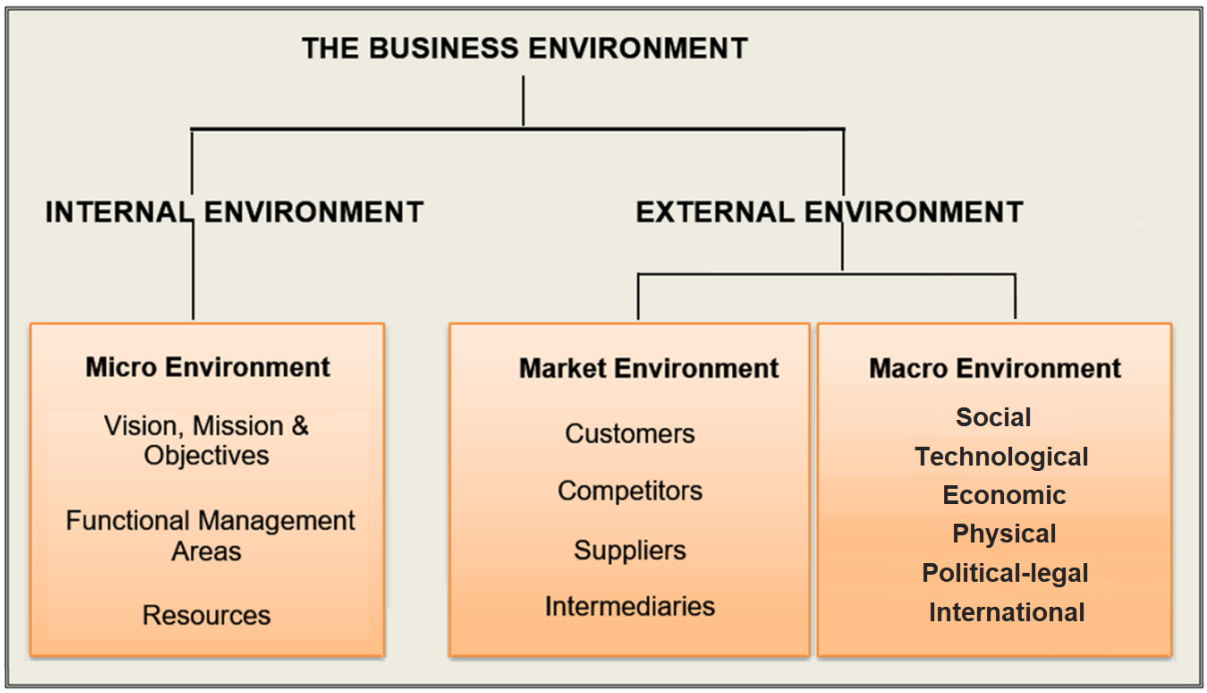


Figure 1.1: The business environment of South African SMEs/SMMES

Source: Researcher's own interpretation

As can be seen in the figure, the business environment is comprised of the micro, market and macro environments. Each of these environments is composed of various variables as shown in the figure. Although the enterprise exercises full control over the micro environment, it has no control over the market and macro environments. In turn, the micro and market environments have a direct influence on the enterprise, while the macro environment generally exercises an indirect influence on it.

The micro, market and macro environments, as well as SWOT analysis, are briefly discussed below.

1.3.2 Micro environment

The micro environment is situated within the business and consists of three main groups of variables. These are the vision, mission and objectives, the various functional management areas and the resources of the business (Erasmus, Strydom

& Rudansky-Kloppers, 2019:126). Management has a direct influence on this environment (Botha, 2018:34).

Important factors for SME owners to consider for optimal business performance are drawing up mission and vision statements, conducting environmental scanning and engaging in formal strategic planning (Sandada, 2014:66). Research also indicates that SMEs that implement the following business practices perform optimally: marketing practices, strategic planning practices, human resource management practices, risk management practices, performance management practices and teamwork practices (Neneh & Van Zyl, 2012:138).

With regard to management, since SMEs are so important to the growth of the South African economy, it is imperative that they are properly managed to ensure that they survive and grow. It is recommended that managers obtain professional degrees and also invest in training to enhance their managerial, financial, marketing and organising skills, amongst others (Asah, Fatoki & Rungani, 2015:317-318). Education, managerial competence, as well as relevant experience appear to be significant positive factors related to the successful performance of SMEs (Mothibi, 2015:7).

Using the business resources, such as knowledge resources, financial resources, human resources, and stock, buildings and equipment, efficiently is a way for businesses to build up competitive advantage and to ensure success (Evans, 2015:77;79). However, many SMEs in South Africa do not have adequate access to important resources. This includes, in particular, a lack of access to financial and technological resources, as well as an evident shortage of managerial skills (Sitharam & Hoque, 2016:286).

1.3.3 Market environment

The market environment surrounds the business and is, in turn, surrounded by the macro environment. It consists of customers, competitors and suppliers of resources and services. The suppliers include intermediaries such as wholesalers, brokers and banks (Botha, 2018:34-38).

While a growing customer base and customer satisfaction are important to ensure the success of SMEs, research shows that some factors that contribute to business failure and which South African SME owners are most concerned about, are ineffective

marketing, a lack of market knowledge, low product demand and increased competition (Cant, 2012:1110-1111). Research has shown that SME owners in South Africa consider quality and customer demand as the most important influencing factors when making decisions regarding a product strategy (Cant, Wiid & Kallier, 2015:628).

In terms of competition, according to Porter's Five Forces Model (Burns 2011:146), the following competitive forces are found in the market environment:

- new competitors in the industry,
- the threat of substitute products and services,
- rivalry among firms in the industry,
- the behaviour and power of suppliers in the industry, and
- the behaviour and power of buyers in the industry (Thompson & Martin, 2017:126).

Some SMEs in South Africa experience significant competition which has a negative impact on their business performance (Sitharam & Hoque, 2016:283).

Suppliers impact businesses, particularly with regard to price, delivery and quality (Foskett, Paskin & Pennington, 2016:247). Research on SMEs in Gauteng found that small retailers formed positive long-term relationships with their suppliers, focusing on the sharing of information (Makhitha, 2019:14).

Intermediaries facilitate the transfer of goods and services to the consumer. Traditional intermediaries include wholesalers, retailers, agents, and brokers (Weedmark, 2019). Examples of financial intermediaries are banks, insurance companies and pension funds (Pettinger, 2018). With regard to banks, research shows that the main factors influencing the access of SMEs to bank finance is related to their creditworthiness, their collateral, and also whether they adopt e-banking technologies (Mutezo, 2015:224).

1.3.4 Macro environment

The purpose of analysing the macro or general environment is to ascertain the opportunities that can be explored and to identify the threats that should be avoided. These opportunities and threats reside in various forces which influence and affect businesses (David & David, 2015:231). The pertinent forces in this environment are

socio-cultural forces, technological forces, economic forces, political-legal (statutory) forces, environmental forces and international forces (Botha, 2018:38). These forces are briefly explained below.

The socio-cultural environment refers to various trends, such as lifestyles, demographics, values and behaviours, which have an influence on consumers and their buying decisions (Cant & Van Heerden, 2018:50). Caterers need to understand the various demographic and social trends which impact on customers and they should determine where they can take advantage of the relevant marketing opportunities that may arise (Scanlon, 2013:67).

In terms of technology, various inventions and innovations have resulted in benefits for businesses, such as increased productivity and new ways of interacting with customers (Hermann & Du Plessis, 2016:46). Frequent use of the internet can benefit SMEs, for example, through improved market share and reputation (Akhtar, Azeem & Mir, 2014:26). Moreover, SMEs employing internet marketing have reported higher productivity, improved sales and customer support (Van Scheers, 2016:60). The advent of social media has also opened up avenues for SMEs to cost-effectively promote their businesses (Van Scheers & Van Scheers, 2015:89).

Economic forces affect the availability and cost of capital as well as the demands of customers (Thompson & Martin, 2017:123). Most SMEs have experienced the negative consequences of South Africa's weak economy (Sitharam & Hoque, 2016:284). One study found that economic factors, such as interest rates, the recession and low economic growth, were the main impediments restricting progress by SMEs (Meyer & Meyer, 2017:135).

Political-legal (political and statutory) forces, such as legislation and regulations, can have a big impact on the strategies of businesses (David & David, 2015:235). Many SME owners in South Africa are negatively impacted by stringent tax and labour legislation, as well as government bureaucracy (Sitharam & Hoque, 2016:284).

Various SMEs have different interactions with the forces in the physical environment. This could be due to a perceived added expense or lack of adequate knowledge of the advantages of proactive management in this regard (Brammer, Hoejmose & Marchant, 2012:432). However, recent research indicates that when SMEs become concerned about and involved in environmental issues and environmental sustainability, this

translates into improved performance regarding innovations, and social and environmental outcomes for the business (Masocha, 2018:8).

With regard to the international environment, research has shown that various factors related to globalisation, such as technological advances, a decrease in the cost of communication and transport, and various markets opening up to trade and investment, have had some impact on SMEs in Africa (Felix & Mutalemwa, 2015).

In the following section, the SWOT analysis will be discussed as it applies to SMEs/SMMEs.

1.3.5 SWOT analysis

The SWOT analysis is a management tool which assesses all aspects of a business in terms of internal weaknesses and strengths, and external opportunities and threats (Davis, Lockwood, Pantelidis & Alcott, 2018:101-102). Examples of strengths may be superior skills, resources or knowledge, while examples of weaknesses could be financial constraints or managerial problems. Externally, the business can find opportunities to help it achieve growth and profitability, while avoiding or dealing with threats that can obstruct progress (Cant & Van Heerden, 2018:51-52).

A study by Wiid, Cant and Holtzhausen (2015:452) established that SME owners in South Africa may not be making optimum use of the SWOT analysis, although they are aware of deficiencies in functional areas. In addition, financial management and marketing management were regarded as the biggest drivers for achieving internal goals.

1.3.6 Challenges faced by SMEs/SMMEs in the business environment

Businesses should constantly be aware of environmental forces and changes, and should mobilise their resources to take advantage of the opportunities and to counter the threats in the environment (Thompson & Martin, 2017:113-114). SMEs face unique challenges in the business environment, and therefore, they need to develop successful strategies to deal with these forces to ensure a continued and profitable existence (Banham, 2010:1).

Studies on SMEs in South Africa indicate that most SMEs do not survive beyond five years, and that they do not receive adequate support and funding in the early years of establishment. Furthermore, SMEs have limited access to markets and face high rates

of competition (SME South Africa, 2018). According to Van Scheers (2016:351-352), SMEs are affected by various factors, such as poor managerial skills, lack of adequate finance, crime, labour and economic factors. In addition, SMEs lack funding and resources with regard to physical premises, communication facilities and various professional services. Moreover, SMEs have to deal with challenging legislation and regulations, onerous labour laws, and experience a lack of management skills and training (Wiid & Cant, 2018:211-214).

Further obstacles facing, specifically, SMMEs in South Africa include limited access to affordable credit, poor business and finance skills, lower educational levels, limited infrastructural support, low skilled labour and various constricting policies, legislation and regulations (Bhorat, Asmal, Lilenstein & Van Der Zee, 2018:33-55).

Extremely limited academic research has been done on the business environment of SMMICs in South Africa, and indeed worldwide. Available research in the USA lists challenges such as the demands of customers, lack of good management and organisational skills, high staff turnover, long working hours and food wastage (McDaniel, 2018), as well as high levels of competition and logistical and operational challenges (Maness, 2016). In the UK, financial constraints such as rental and wage costs, specialised dietary demands by customers, maintaining an up-to-date media presence, and also challenges related to sustainability issues are experienced (Denley, 2019). Limited research in South Africa reveals challenges such as competition, customer demands and complaints, finding competent staff, event logistics, quality control, food price changes, and obtaining licences and permits (Profitable Venture, 2016).

The research problem and objectives as well as the limitations of the study are discussed below.

1.4 RESEARCH PROBLEM AND OBJECTIVES

From the discussion above, it is evident that SMMEs and those operating as SMMICs face a number of challenges and difficulties in the business environment. The major question to be investigated is:

What are the significant challenges that SMMICs in Cape Town face in the business environment?

Given the substantial contribution made by the food and beverages industry in Cape Town to its economic growth, as noted earlier in Section 1.2.1, it is evident that research into the business environment of firms in the industry (SMMICs in this case) would be beneficial in adding to the body of knowledge that would assist entrepreneurs, business owners or managers of SMMICs in Cape Town who wish to enter or are already operational in this industry.

Specific objectives have been developed for the study. They are listed below.

Primary objective:

To determine the key factors in the business environment that impact on SMMICs in Cape Town.

Secondary objectives:

- To analyse the micro environment of SMMICs in Cape Town.
- To analyse the market environment of SMMICs in Cape Town.
- To analyse the macro environment of SMMICs in Cape Town.
- To identify strengths, weaknesses, opportunities and threats (SWOT) in the business environment of SMMICs in Cape Town.
- To determine the relationships between the micro, market, and macro business environment factors and functional dimensions, respectively.
- To determine if differences exist between the categories of different demographic and company variables with regard to the business environment factors and functional dimensions.

1.5 LIMITATIONS OF THE STUDY

Some limitations of the study are noted below.

- As the study is limited to SMMICs in the greater Cape Town area, the findings cannot be applied and generalised to all SMMICs in South Africa.
- Although the aim of the research was to only survey SMMICs who are registered businesses, verification of this was not possible.

- As the SMMICs range in size from micro to medium, the experiences of the owners/managers with regard to the business environment differ widely in some aspects.
- The respondents may have exhibited personal bias to some questions which may not necessarily be fully accurate (for example, with regard to their managerial abilities).

The research design and methodology which was used in the study is discussed in the next section.

1.6 RESEARCH DESIGN AND METHODOLOGY

The research methodology commences with the selection of a research design, which is a plan or blueprint of the details of how the research questions will be answered. This includes making decisions about the research objectives, sample population, data collection and data analysis (Saunders, Thornhill & Lewis, 2019:173). The secondary research is covered in Chapters 2 and 3, as explained in Section 1.3.

1.6.1 Primary research

Descriptive research, also called correlational research, determines the relationship between various variables. It further aims to collect data that describes the features of an existing situation or population (Sekaran & Bougie, 2016:43-44). This research study is identified as being descriptive in nature, as it sought to identify the factors in the business environment which impact on SMMICs in Cape Town.

This study is furthermore classified as a quantitative study. Quantitative research, which generally makes use of samples, structured questionnaires or interviews, is based on objectivity and standardisation, with the data usually being reduced to numbers for statistical analysis (Patten & Newhart, 2018:22). As this research was of a factual nature, with the aim of obtaining specific data about the business environment of SMMICs in Cape Town, quantitative research was deemed to be the most suitable.

Further discussion of the primary research methodology, consisting of a description of the target population, sampling method and data collection follows below.

1.6.2 Target population

The population refers to the total group of potential participants to which the results of a study would be generalised (Salkind, 2018:85). The target population consisted of all the SMMICs active in the greater Cape Town area. This area included the Cape Town CBD, as well as outlying suburbs and towns stretching as far as Simons Town in the south, Melkbosstrand and Durbanville in the north, and Paarl, Stellenbosch, Somerset West and Gordon's Bay in the east.

1.6.3 Sample frame

The sample frame was all the SMMICs in Cape Town that have an online presence (for example, social media, website or listing in the online Yellow Pages). As, according to FEDHASA, there is no official list or record of SMMICs in Cape Town, searches were made on Google, Facebook, the online Yellow Pages, Snupit and Instagram to find the caterers. A variety of search keywords were used, such as "caterers Cape Town", "food caterers Cape Town" and "catering services Cape Town".

1.6.4 Sampling method and size

There are two approaches that are relevant to collecting quantitative data, namely, by means of a census or a sample. A census is where data is collected from every member of a target population, whereas a sample is a subgroup of that population (Saunders *et al.*, 2019:292). The two main sampling strategies are probability sampling and non-probability sampling. In probability sampling every member of the population has an equal chance of being selected, whereas in non-probability sampling this is not guaranteed (Patten & Newhart, 2018:89,100). An example of non-probability sampling is convenience sampling. Convenience sampling refers to the convenience and ease with which members of a population can be sampled (Salkind, 2018:92).

Non-probability sampling, specifically convenience sampling, was used for this research study. The rationale for this method is that it was suitable for an arbitrary selection process, since the research was limited to SMMICs in Cape Town that have an online presence and are thus easily contactable. Contacting the SMMICs by telephone, and sending emails with the link to the online survey, also took minimal

effort at little cost, as did the subsequent retrieval of the data. Convenience sampling also suited the time frame of the research.

Of the 403 SMMICs contacted via telephone or email, 253 were active, while the rest (150) either appeared to be inactive or stated that they were no longer operating. The final sample size of valid participants was 112.

1.6.5 Data collection

Data was collected using a questionnaire administered as an online survey. Survey research, incorporating questionnaires, is suitable for contacting many respondents in a short space of time, and also for making conclusions about a larger population (Nardi, 2016:72). The questionnaire was developed in consultation with a statistician, and consisted of structured questions, with the exception of the last question which allowed for an open-ended response (see Appendix C).

Pilot studies or pre-tests are conducted in order to ascertain whether certain measures work, for example, whether the questions in a questionnaire are clear and unambiguous (Patten & Newhart, 2018:110). For the purpose of this study, a pilot study was done with four caterers. As only a couple of minor changes were subsequently made to the questionnaire, they were included in the sample.

Caterers were contacted telephonically over a period of two months (March and April, 2018). The purpose of the research was explained to them and they were requested to participate by completing the online survey which would be emailed to them. It was explained to them that all the information pertaining to the research would be included in the email. Emails were sent to those owners or managers who responded positively to the telephone call. The emails contained an explanation of the purpose of the research, as well as an attached informed consent form, a participant information sheet and the link to the online survey. Emails were also sent to a few caterers who could not be contacted telephonically.

1.6.6 Ethical considerations

Research should be conducted ethically throughout each stage of the research process. Participants in a research study should be respected, not harmed or pressurised, and their confidentiality should be assured (Saunders *et al.*, 2019:17 233). In the present study, care was taken to fulfil these requirements.

In order to adhere to the ethical standards as set by the University of South Africa (UNISA), the questionnaire was examined by members of the ethics committee comprised of senior academics in the Department of Business Management at UNISA, after which an ethics certificate was issued for the study (see Appendix A). The participants in the research were also fully informed about the ethical and confidential aspects of the research. This was communicated to them via the participant information sheets and the informed consent forms that were included in the emails sent to them. The final stages of the research methodology, data processing and analysis and reliability and validity considerations, will be briefly discussed below.

1.6.7 Data processing and analysis

Participants were asked to complete the questionnaire electronically via LimeSurvey, an online survey tool, and to press the submit key at the end. This sent the survey directly to the Structured Query language (SQL) database at UNISA, to be electronically captured.

Of the 122 submissions, five were submitted but not filled in. A further five were discarded because they were completed by staff other than the owner or manager. Thus a total of 112 surveys were used in the analysis.

The statistical software program, Statistical Package for the Social Sciences (SPSS), Version 24, and MS Excel 2016 were used to compile the data, which was first inspected and edited for accuracy and correctness. Codes were allocated to all the questions for analysis, including the open-ended question for which relevant themes were first identified.

Thereafter, descriptive data analysis was carried out on the data, and various frequency tables and figures were constructed to display the findings. Following that, inferential statistical analysis was conducted on the data to test the various hypotheses that had been formulated. The following tests on the data were performed: Exploratory factor analysis, Categorical Principal Component Analysis (CATPCA), the Pearson correlation coefficient test, the non-parametric Kruskal-Wallis test and the parametric Student T test for independent groups.

The detailed analyses of the data and relevant findings are discussed in Chapters 5 and 6 of the dissertation, while the conclusions and recommendations of the research, based on the findings, are discussed in Chapter 7.

1.6.8 Research validity and reliability

Reliability and validity are two important assessment tools which help to ensure that the correct conclusions are derived at when doing research (Salkind, 2018:100). Reliability refers to the consistency of a measuring instrument when measuring something, while validity refers to how accurately an instrument measures what it is intended to measure (Sekaran & Bougie, 2016:150). These tools are discussed in Chapter 4 (Section 4.3.10). Both reliability and validity were ensured by the researcher during the research process of this study.

1.7 CHAPTER OUTLINE

The dissertation consists of seven chapters. A brief explanation of each chapter is given below.

Chapter 1: Background and problem statement

Chapter 1 introduces the research. The chapter commences with a discussion of the background to and motivation for the study, followed by a preliminary literature review. Next, the research problem, objectives and limitations were presented. This was followed by an overview of the research design and methodology. Finally, the layout of the chapters was indicated.

Chapter 2: SMMICs in Cape Town as part of the South African hospitality industry

Chapter 2 sets out a literature review of the catering industry as part of the hospitality industry in South Africa. The operations of the independent caterer are analysed and the nature of SMMICs explored.

Chapter 3: Business environment of SMMICs

Chapter 3 reviews the literature on the theory related to the business environment of SMMICs, namely, the micro, market and macro environments. The elements of a SWOT analysis are also examined in the context of SMMICs.

Chapter 4: Research methodology

Chapter 4 presents a discussion of the methodology used to carry out the research. Elements such as secondary resources, primary sources, population, sample and data collection procedures are discussed.

Chapter 5: Descriptive data analysis, results and discussion

Chapter 5 focuses on the descriptive analysis and interpretation of the data. The methods used to analyse the data are described and the findings are presented.

Chapter 6: Inferential data analysis, results and discussion

Chapter 6 presents with the inferential analysis and interpretation of the data. The methods used to analyse the data are described and the findings are presented.

Chapter 7: Conclusions and recommendations

Chapter 7 outlines the conclusions reached in the study and the recommendations made. These are correlated with the objectives stated earlier. The chapter ends with an overall conclusion and suggestions for further research in the field.

1.8 CONCLUSION

This chapter provided an overview of the dissertation, commencing with the background and motivation for the study, continuing with the literature review and a discussion of the research problem and objectives. Some limitations of the research and also the research design and methodology were briefly discussed. Finally, the chapter layout was presented.

The next chapter focuses on SMMICs in Cape Town, tracing the industry, sector and segment in which they operate.

CHAPTER 2:
SMMICS IN CAPE TOWN AS PART OF THE SOUTH AFRICAN HOSPITALITY INDUSTRY

2.1 INTRODUCTION

As background to the study which investigated small, medium and micro independent caterers (SMMICs) in Cape Town, this chapter focuses on the industry, sector and segment under which these SMMICs fall. In this regard, it traces a progression, starting with the hospitality industry, continuing to the food and beverage sector, then to the catering segment, and ending with SMMICs, as depicted in Figure 2.1 below.

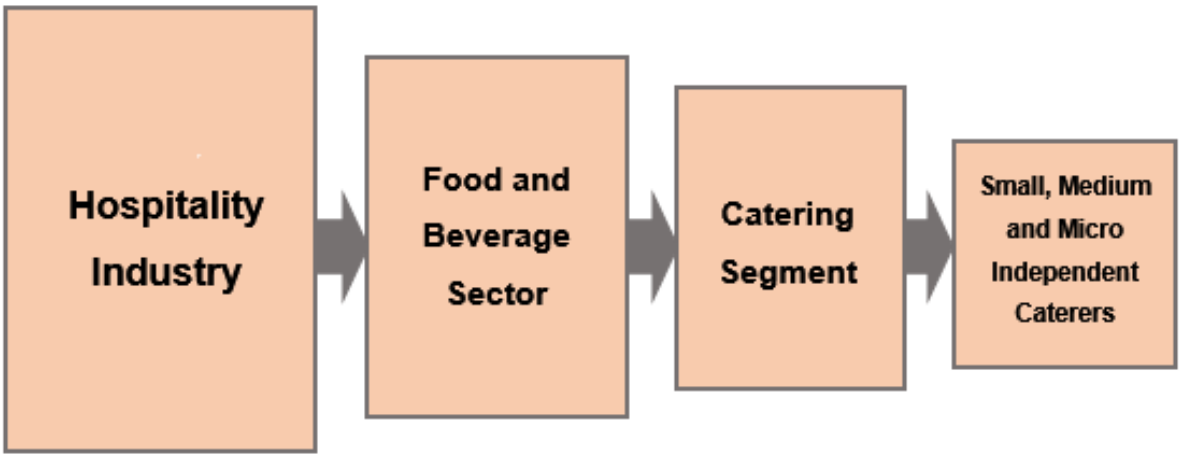


Figure 2.1: Progression from the hospitality industry to SMMICs

Source: Researcher's own interpretation

As shown in the figure, the broader hospitality industry will first be examined. Some important terms will be defined and essential characteristics of the industry identified. Thereafter, the food and beverage sector will be discussed. The nature of the food and beverage offering and the positioning of this sector within the hospitality industry will be highlighted. Following this, the elements of the catering segment of the food and beverage sector will be identified and explained. Finally, SMMICs will be discussed. Aspects such as the nature of SMMICs, the business context of these caterers and their customers will be analysed.

2.2 THE HOSPITALITY INDUSTRY

The term ‘hospitality’ denotes a sense of comfort, warmth and pleasure, and is broadly defined as “the act of kindness in welcoming and looking after the basic needs of customers or strangers, mainly in relation to food, drink and accommodation” (Chan & Mackenzie, 2013:11).

The hospitality industry can broadly be defined as any commercial activity concerned with providing food, beverage and accommodation away from home (Davis *et al.*, 2018:2). While some scholars agree with this interpretation (Foskett *et al.*, 2016:1), others take a broader view of the industry to include sectors such as travel, recreation, airlines, gaming and amusement parks (Moulton & Leow, 2015:4; Chan & Mackenzie, 2013:20). In addition, some authors further consider the hospitality industry to be a sector of the bigger multi-sectoral tourism industry (Herman & Du Plessis, 2016:4), while others view the two industries as distinctive but highly interrelated (Evans, 2015). It is thus evident that the term ‘hospitality industry’ has different meanings and encompasses a wide range of activities and establishments. The elements of food, beverages and accommodation, however, appear to be a common factor in all of these.

Another commonly used term is ‘hospitality product’. Foskett *et al.* (2016:1) define it as the “elements of food, drink and accommodation, together with the service, atmosphere and image that surround or contribute to the product”. Thus the hospitality industry has a lot in common with service industries but with the further challenge of a production process where production and delivery often has to take place in a specific time period (Foskett *et al.*, 2016:1).

The characteristics of the hospitality offering are discussed below.

2.2.1 Characteristics of the hospitality industry offering

In considering the nature of the hospitality industry, it is seen to have the following features in common with other industries (Wood, 2015:xv):

- low barriers to entry,
- the existence of many small, medium and micro-sized businesses, and

- many of these businesses are run by owners or managers with no prior management experience or relevant qualifications.

However, Chan and Mackenzie (2013:15) note an important difference between the hospitality industry and other industries, namely, that the hospitality industry is service-oriented, with the emphasis on human exchange in the service delivery processes. The key characteristics of the industry are summarised in Figure 2.2, and discussed below.

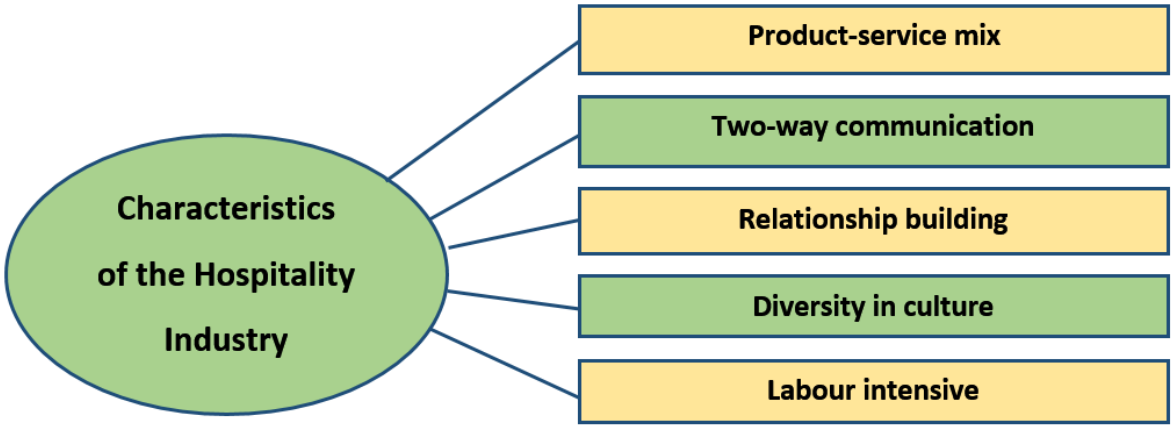


Figure 2.2: Characteristics of the hospitality industry

Source: Chan & Mackenzie, 2013:15

The first characteristic in Figure 2.2 refers to the product-service mix. This is where customers consume a product (for example, food) and are also involved in the service provided with it. A distinction is made here between tangible and intangible services, where tangible services refer to aspects such as the product (food) and the décor, while intangible services refer to aspects such as the atmosphere, the attitude of staff and the act of serving (Chan & Mackenzie, 2013:16). Based on the resource-based view of a business, intangible resources are particularly powerful as they outweigh external factors in presenting the opportunity to attain a competitive advantage (David & David, 2015:191).

Two-way communication is another important characteristic of the hospitality industry. As customers and staff have many one-on-one encounters during the course of a visit or event, it is essential for staff to deliver quality service in all these encounters by exhibiting characteristics of professionalism, friendliness and care (Hermann & Du

Plessis, 2016:144). Good communication is also essential between management and workers to prevent misunderstandings and mistakes.

Relationship building concerns the building of relationships with customers. This is important as it is a way to ensure repeat custom, which holds financial benefits for organisations. Organisations can build relationships with customers through various initiatives, such as instituting loyalty programmes and interacting with customers in an informal, friendly way (Chan & Mackenzie, 2013:17). Relationship building also includes promoting a positive atmosphere in the organisation and boosting the morale of employees. The result of this is teamwork and professional service to customers (Shiring, 2014:239).

Diversity in culture is identified next. Organisations derive benefit when cultural differences among workers, for example, regarding their backgrounds, race and viewpoints are accepted and managed (Herman & Du Plessis, 2016:104). Customers are respected and accommodated in the same way with regard to their specific requirements, for example, relating to their religious beliefs, foods they desire and services they request (Chan & Mackenzie, 2013:17).

The last characteristic of the hospitality industry is that it is labour intensive. This also denotes a high level of interaction between staff and customers, and when staff are friendly, helpful and genuinely concerned that customers have a great experience, it creates a competitive edge for the business (Herman & Du Plessis, 2016:142).

As outlined above, the hospitality industry encompasses food, drink and accommodation. With the focus of the dissertation however, being on SMMICs, it is necessary to concentrate on the food and drink section of the industry. In this regard, the food and beverage sector, as part of the hospitality industry, will be discussed below.

2.3 FOOD AND BEVERAGE SECTOR

The discussion of the food and beverage sector, as part of the hospitality industry, commences with an investigation into the nature of the food and beverage offering. Thereafter, various factors affecting the sector will be analysed. These include the nature of the food and beverage offering, statistics on the sector in South Africa, demand and supply factors in the sector, and critical success factors in the sector.

2.3.1 Nature of the food and beverage offering

The authors, Cousins, Lillicrap and Weeks (2014:4) define food and beverage operations as “the provision of food and drink ready for immediate consumption (but excluding retailing and food manufacturing).” They assert that food can be categorised in a number of ways: according to country (for example, British food), according to cuisine (for example, oriental food) or according to speciality (for example, vegetarian, fish).

They categorise beverages as comprising of alcoholic drinks (for example, wine, cocktails, liqueur, spirits, beer) and non-alcoholic drinks (for example, juices, mineral water, carbonated water, tea, coffee, chocolate, milk).

Figure 2.3 below shows some examples of the food and beverages that are typically served at a restaurant or catered event.

Figure 2.3: Examples of food and beverages at restaurants or catering events

2.3.2 Food and beverage statistics in South Africa

It is difficult to get consistent statistics on the hospitality and food and beverage industries due to the wide diversity of operations offered in these industries, and also because there is no common definition of the industries and subsectors (Davis *et al.*, 2018:1).

With reference to South Africa, the key sectors, according to Statistics South Africa, (StatsSA) which contribute to the South African economy, are as listed below.

- Agriculture
- Mining
- Manufacturing
- Electricity and water
- Construction
- Wholesale, retail and motor trade, catering and accommodation
- Transport, storage and communication
- Finance, real estate and business services
- Government services
- Personal services

Based on the key sectors listed above, the wholesale, retail and motor trade, catering and accommodation sector appears to be the one which represents the food and beverage sector in South Africa, with the term “catering” used in this regard. It is an important sector in the South African economy, being the third biggest contributor to GDP, both in 2018 (R653 billion) and 2019 (R685 billion) (StatsSA, 2018, 2019b).

There is also a separate set of statistics in the form of a monthly survey that StatsSA uses to monitor trends in the food and beverage industry. The survey is conducted on various registered and tax-paying enterprises (public and private) that provide food and beverages for immediate consumption. These enterprises are divided into three outlet types, namely, restaurants and coffee shops, takeaway and fast-food outlets, and catering services.

Catering services here are defined as “Enterprises involved in the sale and supply of meals and drinks prepared on the premises on a contract basis and brought to other premises chosen by the person ordering them, to be served for immediate consumption to guests or customers. Catering services also include bars, taverns, other drinking places and ice-cream parlours” (StatsSA, 2019d). From the definition, it is apparent that catering services are widely defined. It is also unclear whether the term ‘contract basis’ is used in the strictest term, and thus, whether non-contract or event-based caterers, such as the SMMICs targeted in this research, are included.

Figure 2.4 below depicts the contributions of these enterprises to total food sales in South Africa for December 2019.

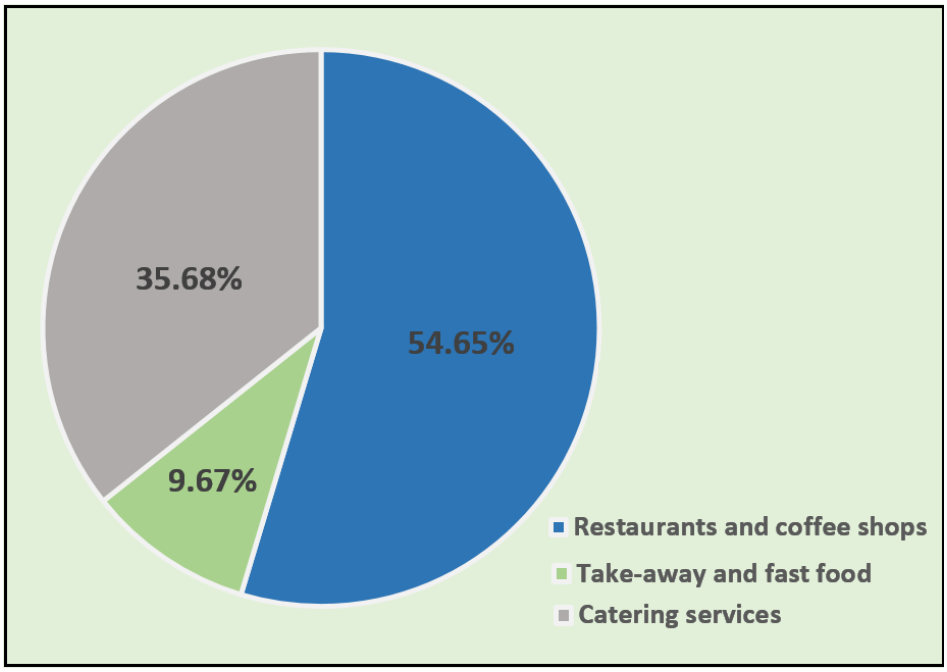


Figure 2.4: Contribution of outlet types to food sales for December 2019

Source: StatsSA, 2019d

Figure 2.4 shows the percentage contribution of the various categories of outlet types to the total income (which totalled R6 811.9 million) for food sales for the month of December 2019. Restaurants and coffee shops contributed the most to food sales at 54.65% (R3722.4 million), after which came the category for take-away and fast food at 35.68% (R2430.5 million) and lastly, catering services at 9.67% (R659.0 million).

2.3.3 Sub-sectors in the food and beverage sector

It is important to consider the various sub-sectors in the food and beverage sector which meet the demands of consumers. The various forms of outlets or food beverage operations are discussed below.

Food and beverage operations are characterised by their diversity. This ranges, for example, from private to public sector outlets; from small independently-owned operators to very large multinational corporations; and from prison catering at the one end of the spectrum to deluxe hotel catering at the other end (Davis *et al.*, 2018:1).

Table 2.1 below lists the various outlets or sub-sectors in the food and beverage sector according to the purpose or needs that they serve. The table shows each sub-sector, its purpose, as well as relevant examples of establishments in the sub-sector.

Table 2.1: Sub-sectors in the food and beverage sector

SUB-SECTOR	PURPOSE	EXAMPLES
Hotel and tourist accommodation	Provision of food and drink together with accommodation.	e.g. hotels, motels, guest houses, bed & breakfasts (B&Bs)
Restaurants	Provision of food and drink generally at high price with high levels of service.	e.g. conventional and specialist restaurants (such as carveries)
Popular catering	Provision of food and drink generally at low/medium price with limited levels of service.	e.g. cafés, pizza, 'Wimpy', grills, specialist coffee shops, 'Spur', steak houses
Fast foods	Provision of food and drink in a highly specialised environment, characterised by high investment, high labour costs and vast customer throughput.	e.g.: 'McDonalds', 'Burger King', 'KFC'
Takeaway	Fast provision of food and drink.	e.g. sandwich bars, ethnic foods, fish and chips, kiosks
Retail stores	Provision of food and drink as adjunct to provision of retailing.	e.g. 'Woolworths', 'Pick n Pay'
Events/conferencing/ Exhibitions/banqueting	Provision of large-scale food and drink for events (originally associated with hotels).	e.g. events at Cape Town International Convention Centre
Garages	Provision of food together with retail and petrol services.	e.g. 'Total', 'Engen', 'Shell' convenience shops

Leisure attractions	Provision of food and drink for people engaged in another leisure pursuit	e.g. theme parks, galleries, theatres, airline terminals
Industrial catering	Provision of food and drink to people at work.	e.g. in-house operations or provided by catering contractors
Welfare catering	Provision of food and drink to people through social need, primarily determined by an authority.	e.g. hospitals, schools, colleges, universities, forces, prisons
Licensed trade	Provision of food and drink in an environment dominated by licensing requirements.	e.g. public houses, wine bars, licensed clubs, members' clubs
Transport catering	Provision of food and drink to people on the move.	e.g. railways, airlines, shipping
'Outdoor' catering or 'off-premises' catering or 'event' catering	Provision of food and drink away from the home base; usually associated with a major event.	Catering market

Source: Adapted from Cousins *et al.,* 2014:4

Based on the table above, it is evident that there is a wide variety of outlets or sub-sectors in the food and beverage sector to cater for the wide variety of demand that exists. For example, some sub-sectors cater for the general public, while others cater for certain groups only; some cater for different groups at different times; some operate as distinct food and beverage outlets, while in certain instances, they may operate as part of another business, such as transport and welfare catering (Cousins, Foskett & Pennington, 2011).

For the purpose of this study, it is evident that SMMICs fall in the category of outdoor, off-premise or event catering, as presented in Table 2.1.

Demand in the food and beverage sector will be explained in the section below.

2.3.4 Demand in the food and beverage sector

Demand in the food and beverage sector is influenced by the motivation and needs of customers. There is also the need to determine the various segments in the target market of the sector. These are important factors to consider as they influence the discussion and research of the factors in the market environment which can impact on

SMMICs in Cape Town. The means of supply of this market segment are discussed in the sub-sections below.

2.3.4.1 Customer motivations and needs

Customers have a range of different motivations and needs related to food and beverages at various different times (Cousins *et al.*, 2014), as listed below:

- They may have a physiological need: the need to satisfy appetite and/or thirst.
- They may have an economic need: the need for good value, rapid fast service and a convenient location.
- They may have a social need: the need to go out with friends or business colleagues or to attend a function in order to meet others.
- They may have a psychological need: the need for enhancement of self-esteem, for fulfilling lifestyle needs or the need for variety.
- Finally, they may have a convenience need: for example, the need to buy something to eat on their way home from work, or on their way to or from attending an event such as the cinema or theatre, or a desire to take a break from cooking.

Foskett *et al.* (2016:349) add that customer needs are not constant, and that organisations should therefore frequently monitor their customers' satisfaction levels.

The implication of the motivations and needs of customers discussed above is that they are manifested as demands by customers for different kinds of products and services at different times. Given the laws of supply and demand, various types of food and beverage providers emerge onto the market to satisfy the needs of customers. For example, a delicatessen (deli) could arise to cater for an economic need, a high-end restaurant could arise to cater for a self-esteem or lifestyle need, and SMMICs could arise to cater for a convenience need, such as the demand for weddings and parties by customers who are unwilling or unable to have these events at home.

The next section discusses how the different food and beverage providers target specific market segments to satisfy customers in a profitable manner.

2.3.4.2 Target market segmentation

Given the wide variety of motivations and needs explained above, it is evident that no one specific type of food and beverage provider would be able to satisfy all the needs or demands of customers. Each food and beverage provider would therefore benefit from targeting a specific group of customers. This group of customers makes up a market segment. A market segment is defined as a group of people that have one or more characteristic(s) in common, which causes them to have some shared needs when buying a product (Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliot & Klopper, 2015:201).

A target market consists of all those consumers who share a common set of characteristics that a business specifically selects to serve (Shiring, 2014:139). Factors to consider in identifying a target segment include aspects such as the profile, size, accessibility, uniqueness, durability and profitability of the segment (Foskett *et al.*, 2016:334).

The well-known variables used to segment markets are: demographic variables, geographic variables, psychographic variables and behaviouristic variables. These variables are depicted in Figure 2.5 below. A brief explanation of each variable follows.

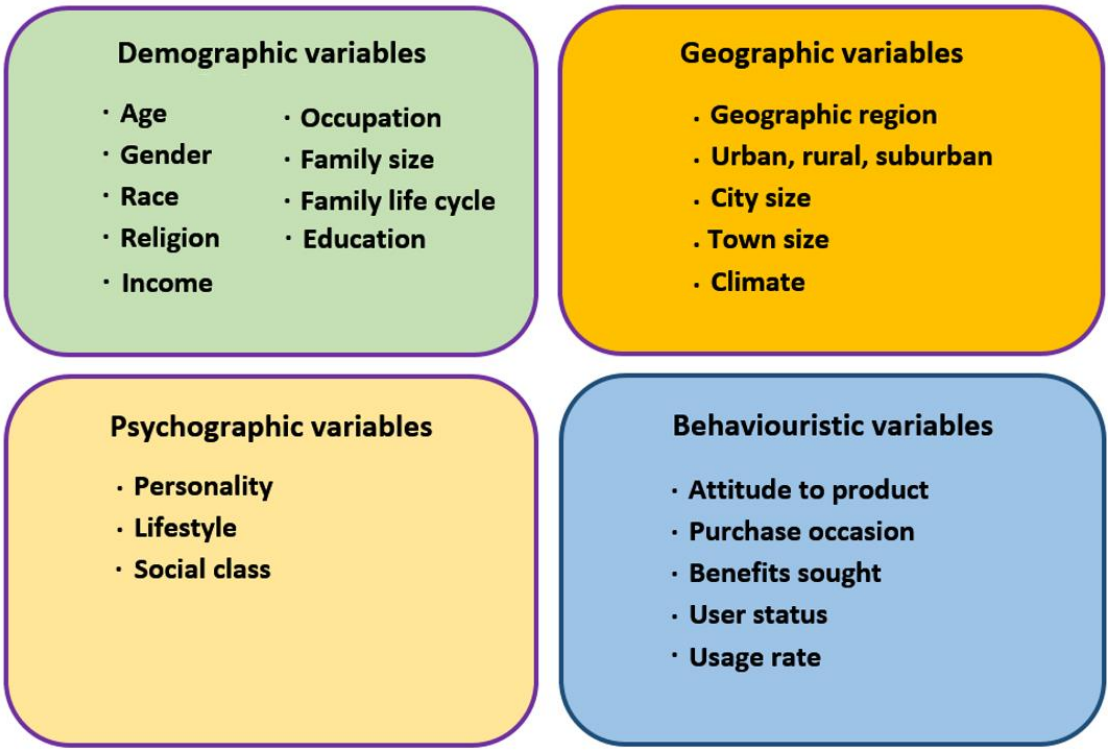


Figure 2.5: Segmentation variables for consumer markets

Source: Cant & Van Heerden, 2018:84

Demographic variables are the most often used to segment consumer markets. They include, for example, age, race, gender family size and occupation (Cant & Van Heerden, 2018:87).

Geographic variables refer to the type of area served, its density and also the type of location. They include, for example, a neighbourhood, city, urban, suburban, downtown or residential location (Shiring, 2014:138).

Psychographic variables include personality attributes, motives and lifestyles. These give added depth to segmenting markets, overcoming the limitations of demographic limitations (Lamb *et al.*, 2015:213).

The last set of segmentation variables are behaviouristic variables. These concern the benefits sought by customers from a product, as well as the behaviour of consumers toward a product. Examples of these are attitudes to the product, usage rate and loyalty status (Cant & Van Heerden, 2018:91).

Based on all the variables above, food and service providers, such as SMMICs, could for example, decide to target high income, status-conscious families in urban areas who regularly entertain at home. Businesses, therefore, select the market segment that would be the most profitable for them and that then becomes their target market. Referring to caterers specifically, Shiring (2014:58) defines a caterer's market as: "the group of all customers in a geographic surface area who have unmet needs, wants or demands requiring food and beverage service".

There are a variety of ways in which food and beverage operators can try to segment markets to satisfy the needs and wants of consumers. For their part, Cousins *et al.* (2011) identify three types of markets: (1) the so-called 'captive' market where customers have no choice, for example, the army or prisons; (2) the 'non-captive' market where customers have free choice, for example, restaurants, takeaways and catering; and (3) the 'semi-captive' market where there is limited choice, for example, customers flying on an airline are restricted to what food items are on offer.

This research focused on the non-captive market, specifically on customers who have a need for a caterer and who are free to select the type of caterer they want. The kinds of customers that form this non-captive catering market will be discussed in more detail later in the section on the catering segment.

Some of the critical success factors in the food and beverage sector are discussed in the next section.

2.3.5 Critical success factors in the food and beverage sector

The critical success factors in the food and beverage sector are important as they provide a background to the forthcoming discussion and research on the factors in the environment which impact SMMICs in Cape Town.

Figure 2.6 depicts six of these critical success factors. They are briefly discussed below.

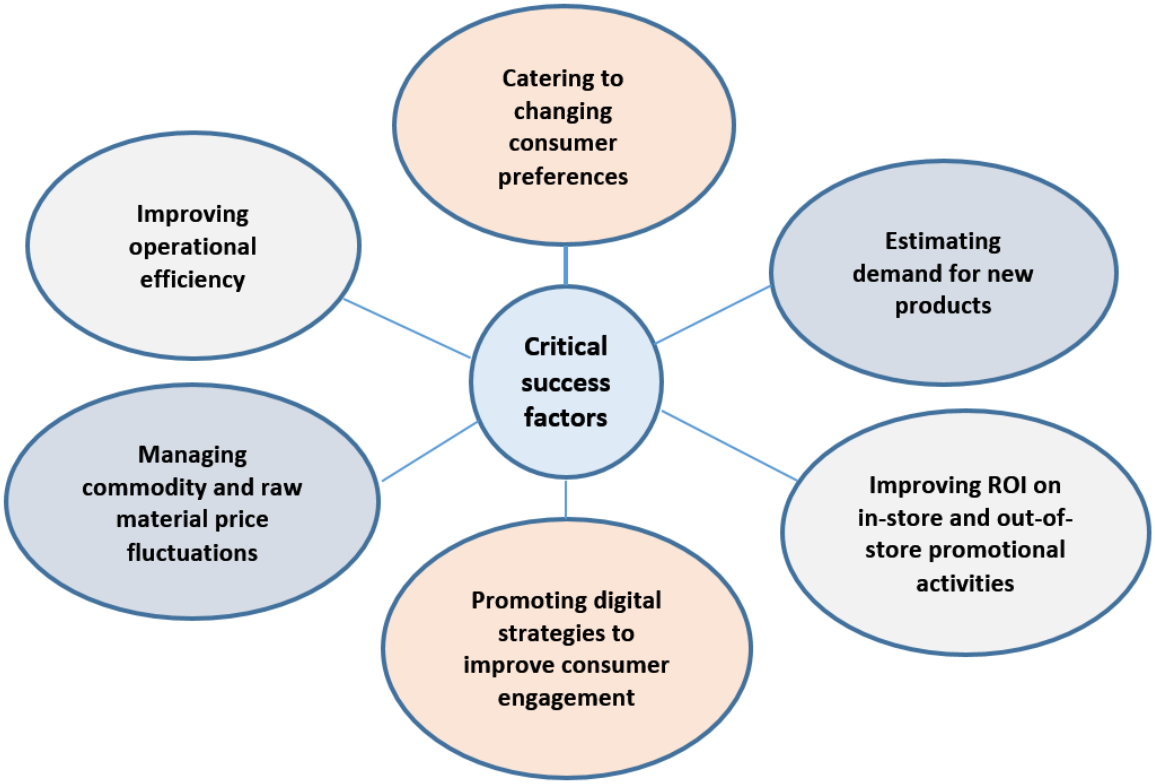


Figure 2.6: Critical success factors in the food and beverage sector

Source: Infiniti Research, 2016

The following are the critical success factors in the food and beverage sector:

- **Catering to changing consumer preferences:** For example, consumers are concerned about the high salt and sugar content in food. In this case, food and beverage providers could provide healthier food options that use less of these ingredients.

- **Estimating the demand for new products:** For example, customers these days demand more gluten-free, vegetarian or vegan products. It would be important to develop food items which cater for these customers.
- **Improving return on investment (ROI) on in-store and out-of-store promotional activities:** This means ensuring that promotional activities provide real value and profitability for the food and beverage provider. One activity could be to advertise in neighbourhood newsletters or newspapers in the same location as the provider.
- **Promoting digital strategies to improve consumer engagement:** This involves using the internet and social media to connect with consumers. For example, a Facebook page could be set up and satisfied customers asked to like that page.
- **Managing commodity and raw material price fluctuations:** During times of excessive price fluctuations they could for example, consider broadening their product range, or offering alternative products.
- **Improving operational efficiency:** There are numerous ways in which this can be done. One example is to focus on more efficient transportation of raw materials, or to invest in more economical kitchen equipment.

In the following section, the catering segment of the food and beverage sector will be discussed.

2.4 CATERING SEGMENT OF THE FOOD AND BEVERAGE SECTOR

The discussion of the catering industry as a segment of the food and beverage sector commences with a brief history of catering. Thereafter, the various types of caterers are analysed, followed by a discussion of the various associations that caterers can belong to in South Africa.

2.4.1 Concept of catering

Catering is defined in a number of ways. A broad definition thereof is “the planned service of food and beverages” (Scanlon, 2013:vii). Another definition is “the business of providing food and drink, typically at social events and in a professional capacity

either on-site or at a remote site" (Riley, 2013) .These definitions are however, unable to depict the sheer diversity of catering and food and beverage operations since they are so multifaceted, ranging from SMMICs catering for a small number of guests to large corporate concerns catering for great numbers of people (Davis *et al.*, 2018:1; Scanlon, 2013:26).

Even within the category of SMMICs, the type of caterer and the type of event varies widely, for example, ranging from simply dropping off a food platter, to a full-service caterer that provides not only the food but also the décor, table settings, flowers and staff for an event (Artnetw0rk, n.d.).

From the discussion and interpretations above, it is clear that catering encompasses a very broad field of customers and products and services being offered.

The next section provides a brief history of catering. After that the various types of caterers will be explained.

2.4.2 Brief history of catering

Catering has a long history going as far back as the 4th millennium BC in China (Riley, 2013). Signs of the catering profession as it is known today, are also found in other ancient civilizations, such as that of Egypt, Greek and Rome. Written records, paintings, ancient cookware and foodstuffs allude to a wide variety of banquets and the types of food eaten (Scanlon, 2013:2-3). This is illustrated in Figure 2.7 below.

Source: Zavedenia (2019) Source: Saylor.org (2019)

Figure 2.7: Scenes depicting the history of catering

In Europe, snippets of catering history indicate that in the Middle Ages catering was focused on monasteries and Christian pilgrimages. After the French Revolution in the 18th century, the first French restaurants were started by people who had prior to that time, catered for the French aristocracy (Riley, 2013). During the Middle Ages catering evolved into providing meals for soldiers and travellers, and eventually became so popular that Germany became the first country in the 14th and 15th centuries to put regulations in place regarding the quality of food and beer (Artnetw0rk, n.d.).

In the United States of America, catering started in the colonies (Scanlon, 2013), and as a separate operation, became increasingly popular when companies that had catered for World War II operations entered the field. They became successful as the economy grew and people had more disposable income. This led to a demand by ordinary citizens for the type of catering services which had previously been the preserve of the rich (Riley, 2013).

From the simple provision of food for travellers in the past, catering today plays a vital role in society, and has evolved into much more diverse and sophisticated presentation of food and accompanying services (Artnetw0rk, n.d.).

2.4.3 Types of caterers

Although the term ‘catering’ is often used when food and beverages are provided in any setting, there are differences, however. For example, the fundamental ways in which a catering operation and a restaurant differ is that for a caterer, the menu, number of guests and the cost involved are pre-arranged and the food is prepared beforehand, so that it only needs final heating, brief cooking or assembly before use (Mattel, 2016:2).

Thomas and Hansen (2012:2) explain that caterers can choose to specialise in various areas. For example, there are ‘drop-off caterers’ who supply food only (typically cold) for an event. Secondly, there are ‘hot buffet caterers’ who offer hot foods and also provide serving staff if required. Thirdly, there are ‘full-service caterers’ that supply food and serving staff, as well as any other requirements such as crockery, china, tables, chairs, flowers, décor and music. It is evident, of course, that SMMICs could choose to provide some or all of these types of catering.

Furthermore, from the definition and explanations above it would appear that any, or all of the food and beverage operators listed in Table 2.1 (Sub-sectors in the food and beverage sector), even those not linked to catering, could decide to include catering activities in their product and service offering if they wish to do so. For example, a Spur steakhouse could cater for a children's party, or a Pick 'n Pay supermarket could provide food platters for a corporate event.

The discussion above focused on the basic nature of the catering offering. A distinction will now be made with regard to how caterers (or food and beverage operations) can be categorised. This can be done in various ways, for example, according to their profit orientation, to the markets they serve, to the premises that they operate out of, and according to whether they are contracted or not. These forms of catering are depicted in Figure 2.8 and will be discussed below.

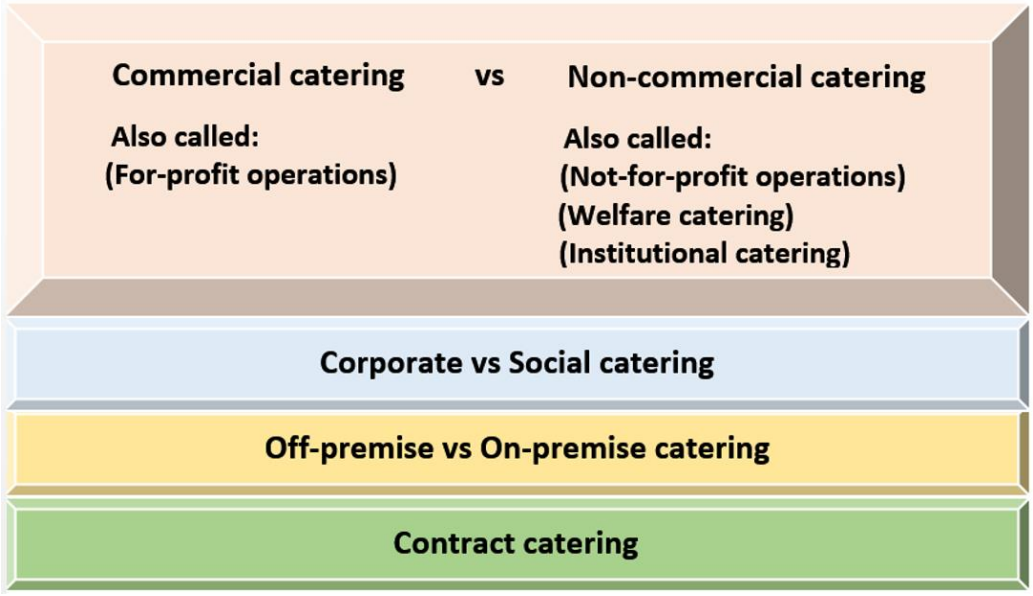


Figure 2.8: Various types of catering operations

Source: Researcher's own interpretation

2.4.3.1 Commercial catering versus non-commercial catering

The first two categories, as shown in Figure 2.8, are commercial catering (also called for-profit operations) and non-commercial catering (also called not-for-profit-operations). As is evident, the purpose of commercial catering is to make a profit. Examples of commercial caterers are hotels, motels, restaurants, private clubs and independent caterers (Shiring, 2014:5).

Non-commercial catering is also known as welfare catering (Cousins *et al.*, 2014:4) and institutional catering (Mattel, 2016:3), and is not profit-based and works within given budgets with the aim to minimise cost. It involves catering to large numbers of people on an ongoing basis, usually at the institution itself. Examples are prisons, universities, schools and the armed forces (Mattel, 2016:3; Foskett *et al.*, 2016:12).

2.4.3.2 Corporate (business) catering versus social catering

Another method of distinguishing between catering operations as shown in Figure 2.8 is between corporate (business) catering and social catering. The corporate market is comprised of businesses that require catering for events such as product launches, conventions, meetings, award ceremonies, product launches, and various banquets (Murugi, 2014). It is estimated that this form of catering delivers about 75% of all catering sales in most markets, due to the large numbers of people served at these business functions and the fact that corporate clients have larger budgets than those planning for social events (Shock, Sgovio & Stefanelli, 2011:3).

Social catering refers to catering for events such as wedding receptions, private house parties, reunions, charity events and birthday parties (Murugi, 2014; Shiring, 2014:52). It is estimated that social catering delivers about 25% of all catering sales, due to the fact that these clients often have smaller budgets than the corporate market (Shock *et al.*, 2011:3).

SMMICs can decide to target either the corporate catering segment or the social catering segment, or both segments, depending on their competencies and resources.

Within corporate catering and social catering, three levels of catering are further identified, typically based on budget. The first level concerns budget events which are low-priced with a low level of service, and with basic food items such as food platters. The next level concerns midscale events which are modestly priced and involve a higher level of service. The third level concerns upscale events which require the highest level of service, offer many courses and use the finest décor, linens and cutlery (Thomas & Hansen, 2012:321). These levels of catering would be especially important for SMMICs to consider in the decision related to their target market based on their capabilities, desires and finances.

2.4.3.3 On-premise versus off-premise catering

Another way to categorise caterers, is according to whether they are on-premise or off-premise caterers. On-premise catering is where the function is held on the physical premises of the caterer (Shiring, 2014:5). In this type of operation there is a production area (kitchen) and an adjacent area for dining (Matell, 2016:7). On-premise catering has the advantage of offering many kinds of services, as well as providing adequate space for the event, and sometimes, parking. Examples of food and beverage operators offering on-premise catering are restaurants, hotels, resorts and cruise lines (Shock *et al.*, 2011:2).

Off-premise catering is a type of catering where the function or event takes place at a location other than the one where the food is prepared. It requires the transporting of the food, equipment and staff to the location. This presents the unique logistical challenges of relocation and working in unfamiliar settings (Shiring, 2014:17).

Thomas and Hansen (2012:5) assert that off-premise catering is much more challenging than on-premise catering. One reason is that this type of catering focuses on meeting the needs of all market segments with their widely varying needs and demands. Another reason is that off-premise caterers have to work in unfamiliar locations, and deal with the challenges of transporting food, supplies and equipment to the venue. However, this type of catering can be rewarding due to the wide variety of work and varying experiences. Mattel (2016:11) adds that the biggest benefit of off-premise catering is its significantly lower start-up costs. SMMICs would therefore be more likely to select this form of catering. Off-premise catering will be explained in detail in Chapter 3.

A variation of off-premise catering is outdoor catering, whereby a catering firm takes complete charge of an outdoor event. Outdoor events typically require travelling, outdoor locations and a great variety of activities. These can include garden parties, sporting events such as horse racing and various agricultural and horticultural shows (Foskett *et al.*, 2016:15). SMMICs could, depending on their capacity, experience and aspirations, choose to cater for outdoor events, or possibly specialise in certain types of outdoor events only.

2.4.3.4 Contract catering

Another form of catering is contract catering, as depicted in Figure 2.8 above. These contracts are generally for long-term periods and have designated budget restrictions (Scanlon, 2013:46). Contract caterers can be employed by a whole range of different types of organisations, for example, they typically do catering for schools, hospitals, business and industry in general, and also for leisure centres, museums, galleries and sporting events (Foskett *et al.*, 2016:16). Examples of big contract caterers in South Africa are Fedics and Feedem, established more than 30 years ago and employing hundreds of people (Fedics, 2019; Feedem, 2019).

SMMICs would not generally be contract caterers, since they would not have the staffing or resource capacity required. However, it is not impossible for a small caterer to contract to some organisation on a small scale, for example, providing daily lunch to an old-age home located in their area of operations.

Based on the discussion of the categories of caterers above, a few points can be made. Firstly, it is evident from Table 2.2 below (which is an abbreviated form of Table 2.1 in that it shows the sub-sectors and examples only) that there are a number of food and beverage operators that are not generally categorised as caterers. However, they can and do enter the catering market if and when they wish to do so. These are, for example, restaurants, hotels, fast food establishments, retail stores, licensed trade, and some forms of popular catering such as steak houses and specialist coffee shops.

Table 2.2: Sub-sectors in the food and beverage sector

SUB-SECTOR	EXAMPLES
Hotel/tourist accommodation	e.g. hotels, motels, guest houses, B&Bs
Restaurants	e.g. conventional and specialist restaurants (e.g. carveries)
Popular catering	e.g. cafes, pizza, 'Wimpy', specialist coffee shops, 'Spur'
Fast foods	e.g. 'McDonalds', 'Burger King', 'KFC'
Takeaway	e.g. sandwich bars, ethnic foods, fish and chips, kiosks
Retail stores	e.g. 'Woolworths' 'Pick n Pay'
Events/conferencing/ Exhibitions/banqueting	e.g. events at Cape Town International Convention Centre
Garages	e.g. 'Total', 'Engen', 'Shell' convenience stores

Leisure attractions	e.g. theme parks, galleries, theatres, airline terminals
Industrial catering	e.g. in-house operations or provided by catering contractors
Welfare catering	e.g. hospitals, schools, colleges, universities, forces, prisons
Licensed trade	e.g. public houses, wine bars, licensed/members' clubs
Transport catering	e.g. railways, airlines, shipping
Outdoor catering/off-premises/event catering	Catering market

Source: Adapted from Cousins *et al.*, 2014:4

There are other food and beverage operators, such as convenience stores at garages and takeaways, which are unlikely to be part of the catering market. For example, a customer is not likely to enquire about catering from a garage forecourt retailer when filling up on petrol, or from a server when buying a sandwich at a kiosk. The rest of the food and beverage operators in the table clearly operate as caterers in one form or another. These belong to the categories of industrial catering, welfare catering, transport catering, conferencing, exhibitions, banqueting, leisure attractions and outdoor catering/off-premises/event catering. SMMICs, the topic of this research would fall into the last category, namely outdoor catering/off-premises/event catering.

2.4.4 Catering industry in South Africa

Aside from its demarcation by StatsSA, as an economic segment for statistical purposes, the catering industry in South Africa falls under the Culture Art Tourism Hospitality and Sports Sector Education and Training Authority (CATHSSETA). Codes within CATHSSETA for the hospitality industry include hotels, motels, guest houses, B&Bs, restaurants, fast food establishments, caterers, night clubs, pubs and time share (CATHSSETA, 2019). It is evident therefore that catering falls specifically within the hospitality industry in CATHSSETA.

The catering industry is also associated with the Federated Hospitality Association of South Africa (FEDHASA), which is a national trade association recognised by the South African government as representing the South African hospitality industry on the various levels, whether local, provincial, national and global (FEDHASA, 2019). As previously stated, FEDHASA is the umbrella association for hotels, restaurants,

conference centres, caterers, self-catering accommodation, B&Bs, guest houses, clubs, taverns, shebeens, suppliers and trainers, and consultants and service providers to the hospitality industry. Specifically FEDHASA has the following membership segments (FEDHASA, 2019):

- Hotels
- Small accommodations: Guesthouses/B&Bs
- Restaurants and catering
- Allied: Suppliers and service providers to the industry
- Youth: Students/trainees and entrants into the industry

Another association representing the catering industry is the South African Chefs Association (SA Chefs). This is a non-profit organisation which represents chefs, cooks and caterers at all levels. Its aim is to set and maintain excellent culinary and food standards in South Africa. It focuses on skills development while running various chef and cooking competitions, as well as a Certification and Designation Awards Programme for uncertified chefs and cooks in South Africa (SA Chefs, 2019).

The next section focuses on SMMICs as the focal point of this research.

2.5 SMALL, MEDIUM AND MICRO INDEPENDENT CATERERS (SMMICS)

As explained previously, SMMICs are a part of the catering segment of the food and beverage sector, which is in turn part of the hospitality industry. It was also explained above how SMMICs can fit into a number of categories within the catering segment.

This section presents an analysis of the nature of SMMICs and discusses the different types of customers that these caterers cater for. The section concludes with a discussion of the business context of SMMICs, and the quality assurance matters that apply to these caterers.

2.5.1 Nature of SMMICs

Independent caterers are defined as “private businesses offering catering services to the general public”. Some independent caterers have their own production facilities and warehouse space, while others have to hire or rent these facilities (Scanlon,

2013:42). Independent caterers operate on their own and autonomously, in contrast to some caterers that are large business concerns with a sizeable staff complement (Weinberg 2007:1).

An interesting further description of a caterer is given as someone who has to be knowledgeable about many things, including sales, the different types of food and beverages, various kinds of events, religious practices, dietary requirements, keeping up to date with trends, and even production and audio-visual services (Polici, cited in Shock *et al.*, 2011:viii). This description is particularly apt for SMMICs, as there would typically be only one owner or manager who would need to be familiar with all these factors.

As depicted in Tables 2.1 and 2.2, the catering market falls within the category of outdoor catering/off-premises/event catering. This would apply to SMMICs, as they cater for specific events, which for them, are most likely to take place at some off-premise rather than on-premise location. These caterers can also choose to offer outdoor catering.

2.5.2 Business context of SMMICs

With regard to the business context of SMMICs, Table 2.3 below provides a classification of the various categories of SMEs within the various sectors or subsectors in South Africa. The categories are determined according to the number of full-time employees, total turnover and total gross asset value (excluding property). It is noted that although a newer classification now exists, the questionnaire in this research was based on the classification below.

Table 2.3: Classification of the categories of SMEs in accordance with the standard industrial classification

Sector or subsector in accordance with the SIC	Size of class	Total full-time equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very small	10	R0.50m	R0.50m
	Micro	5	R0.20m	R0.10m
Mining and Quarrying	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
Manufacturing	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m
Electricity, Gas and Water	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Construction	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Retail and Motor Trade and Repair Services	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very small	20	R4m	R0.60m
	Micro	5	R0.20m	R0.10m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64m	R10m
	Small	50	R32m	R5m
	Very small	20	R6m	R0.60m
	Micro	5	R0.20m	R0.10m
Catering, Accommodation and other Trade	Medium	200	R13m	R3m
	Small	50	R6m	R1m
	Very small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m

Sector or subsector in accordance with the SIC	Size of class	Total full-time equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Transport, Storage and Communications	Medium Small Very small Micro	200 50 20 5	R26m R13m R3m R0.20m	R6m R3m R0.60m R0.10m
Finance and Business Services	Medium Small Very small Micro	200 50 20 5	R26m R13m R3m R0.20m	R5m R3m R0.50m R0.10m
Community, Social and Personal Services	Medium Small Very small Micro	200 50 20 5	R13m R6m R1m R0.20m	R6m R3m R0.60m R0.10m.

SIC: Standard Industry Classification

Source: National Small Business Amendment Act, No 26 of 2003:8

As the table shows, SMMICs fall in the Catering, Accommodation, and Other Trade sector, and the following criteria apply:

- A medium-sized business in this sector has fewer than 200 full-time employees, has a total annual turnover of less than R13 million, and has total gross asset value (excluding property) of less than R3 million.
- A small business in this sector has fewer than 50 full-time employees, has a total annual turnover of less than R6 million, and has total gross asset value (excluding property) of less than R1 million.
- A very small business has fewer than 20 full-time employees, has a total annual turnover of less than R5.10 million, and has total gross asset value (excluding property) of less than R1.90 million.
- A micro business has fewer than five full-time employees, has a total turnover of less than R0.20 million, and has total gross asset value (excluding property) of less than R0.10 million.

The legal definitions above were updated in 2019, and the category of ‘very small’ enterprise was removed and only the measures of number of employees and total

annual turnover are currently used to determine the size for micro, small, medium and micro businesses (De Wet, 2019). This is depicted in Table 2.4 as it relates to the catering sector in particular.

Table 2.4: Classification of the categories of SMEs relating to the catering sector

Sector	Size or class	Total full-time equivalent of paid employees	Total turnover
Catering, Accommodation and other Trade	Micro	0-10	≤ R5M
	Small	11-50	≤ R15M
	Medium	51-250	≤ R40M

Source: De Wet, 2019

2.5.3 Demand and supply with regard to SMMICs

It is important to determine the demand and supply factors that pertain to SMMICs. To this end, the customers of these caterers will first be discussed. Thereafter, some ways in which the caterers can satisfy the demand will be explained.

2.5.3.1 Customers of SMMICs

A caterer's market is defined as "the group of all customers in a geographic surface area who have unmet needs, wants or demands requiring food and beverage service" (Shiring, 2014:58). SMMICs would thus typically focus on a specific geographic area and define their target markets in that area.

To determine the target market, the caterer would need to determine exactly who its customers are, as well as determine their needs and expectations. Waller (2009:x) suggests that the following questions would be important to ask in this regard:

- Who are our potential customers?
- Why do people eat away from home?
- When do they eat, at which times of the day and on which occasions?
- Where do they eat and where do they look for the information that influences their choices?
- What do they eat and what influences their preference/choice?

As explained earlier (Section 2.4.3), the typical customers of SMMICs fall either in the category of corporate business catering (for example, meetings, seminars and ceremonies), or in the category of social catering (for example, weddings, parties and reunions). SMMICs could decide to cater for one or both of these customer groups.

2.5.3.2 Supply by SMMICs

Once the target market has been identified, SMMICs need to determine what would be the most profitable ways for them to cater for that target market. Some may find that partial or restricted catering is the most suitable. This could entail, for example, the preparation of cold food platters only which are dropped off with no added service. Alternatively, a caterer may decide to provide cold and warm food platters, with or without added service. Another option could be where a caterer may decide to provide dishes which are picked up at its premises only. A further option is where a caterer may choose to provide full buffet meals, with or without added service. There is also the choice of full-service catering, where the caterer provides food and staff as well as tableware, flowers, decorations and music. Many caterers cater for one or more of these options, depending on the wishes of the customer (Artnetw0rk, n.d.).

Another important decision that SMMICs need to make is whether to be on-premise caterers or off-premise caterers, or both. Most SMMICs do off-premise catering. As explained earlier (Section 2.4.3), this entails caterers preparing the food at their premises and then transporting and serving it at a location of the client's choice (Shiring, 2014:16; Scanlon, 2013:42).

Figure 2.9 below depicts an off-premise catering model which identifies the factors involved in off-premise catering.

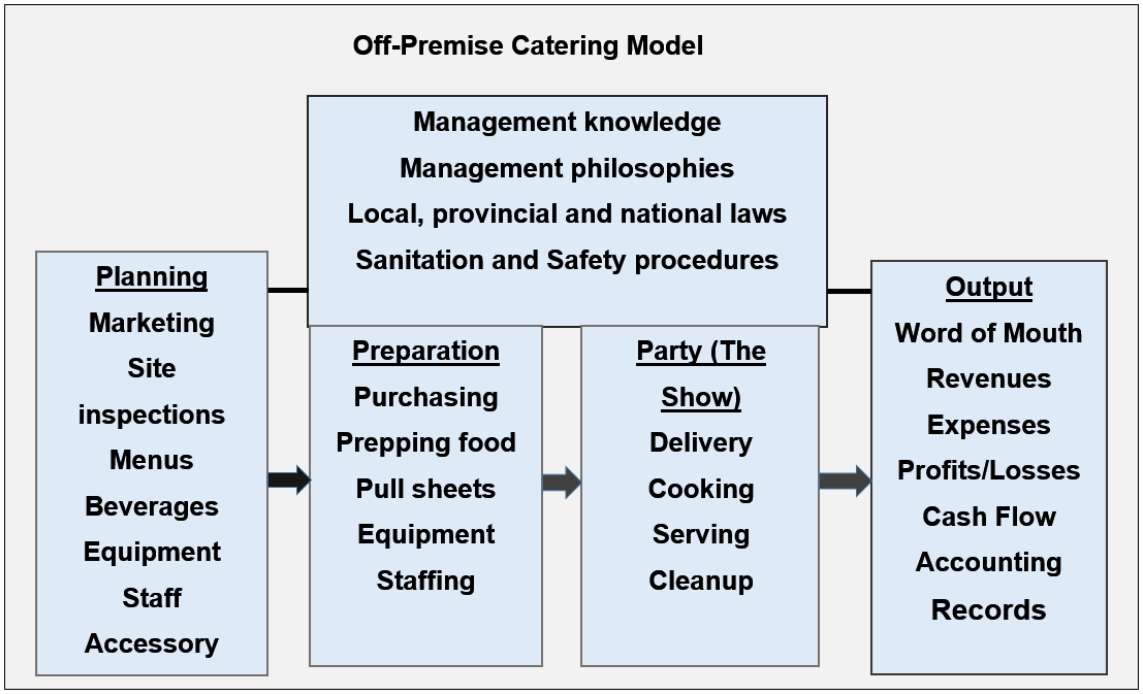


Figure 2.9: Off-premise catering model

Source: Thomas & Hansen, 2012:30

The model starts with the information that the caterer must know before commencing operations. This is knowledge of managerial principles and philosophy, and also knowledge of the various regulations that are applicable to off-premise caterers.

The model then outlines four basic functions which the caterer carries out. These are planning, preparation, the party (or event), and output. In planning, the caterer makes decisions with regard to marketing, site inspections and other items such as menu, staff, pricing and contracts. After the planning is completed and contracts with the client are drawn up and signed, the next stage is the preparation phase. This entails the purchasing of food ingredients and equipment, generating a 'pull sheet' (which details all the items required to produce the party) and checking on staffing matters. On the day of the party, the emphasis is on delivery, cooking, serving and cleaning up.

After that the final stage, called output, is where financial information, such as revenue, expenses and profit and loss, is calculated and also where the client generates an opinion about the event (Thomas & Hansen, 2012:30-31).

Off-premise catering will be discussed further in Chapter 3.

2.5.4 Quality assurance of SMMICs

The term ‘quality’ is explained as the opinion of an individual about how good or bad a product is, based on the individual’s perception or beliefs. Customers become more critical of quality, the more often they patronise a business, for example, if the standard of quality they have come to expect is not maintained (Scanlon, 2013:206,208). At present, word-of-mouth and written evaluations (written personally or via social media) appear to be the chief avenue of quality assurance for SMMICs in Cape Town.

Although SMMICs are not compelled to join any trade, grading or award granting association, there are two associations that caterers can join, namely, the Federated Hospitality Association of Southern Africa (FEDHASA) and the South African Chefs Association (SA Chefs). These associations were discussed earlier (Section 2.4.4).

Johannesburg has the annual Readers’ Choice Awards, which includes a category for best caterer (Best of Joburg, Readers’ Choice Awards, 2019). However, Cape Town, where this research was conducted, does not appear to have any kind of award for caterers. Therefore, there are no avenues for SMMICs in Cape Town to receive public recognition, besides word-of-mouth recommendations from customers, and comments or recommendations on Facebook and other social media.

2.6 CONCLUSION

In this chapter, a line was traced from the huge hospitality industry down to the level of SMMICs. In the discussion, various aspects of the hospitality industry, the food and beverage sector, the catering segment and SMMICs were considered. These included the important characteristics of the hospitality industry, the supply and demand factors in the food and beverage sector, the various types of caterers in the catering segment, and the nature of SMMICs.

The next chapter focusing on the business environment of SMMICs will discuss the micro, market and macro environment in which SMMICs operate.

CHAPTER 3:
THE BUSINESS ENVIRONMENT OF SMALL, MEDIUM AND MICRO INDEPENDENT CATERERS

3.1 INTRODUCTION

The purpose of this chapter is to focus on the factors in the business environment of small, medium and micro independent caterers (SMMICs) in Cape Town that could have an impact on their operations. In this context, the nature and importance of the business environment will be examined. After that, the micro, market and macro environments of the SMMICs will be discussed, as well as possible strengths, weaknesses, opportunities and threats in these environments.

3.2 THE NATURE OF THE BUSINESS ENVIRONMENT

The business environment is comprised of all the factors that may have a positive or negative influence on a business, and which therefore assist, or deter, the business from reaching its objectives (Botha, 2018:29). As the business environment is not static and can sometimes change, the business needs to adapt and change as well. Change involves new resources, a new vision and mission, new strategies and goals, and discovering new strengths and weaknesses (David & David, 2015:41). Businesses should therefore constantly be aware of environmental forces that cause changes, and should mobilise their resources to take advantage of the opportunities in the environment, and they should similarly be able to counter the threats that arise (Thompson & Martin, 2017:113).

There are some important characteristics of the business environment that should be noted (Botha, 2018:30):

- The variables in the environment are interrelated, and there is increasing change and volatility in the environment due to the links between the variables.
- Some industries experience more fluctuations than others.
- The level of environmental uncertainty is dependent on the amount of information available about the environment.
- The business environment is complex and unpredictable.

When applying some of these characteristics to catering it can be seen, for example, that a trend toward healthier eating in the social environment would cause changes in the internal environment, whereby caterers would need to revise their menus, marketing strategies, and some of their purchasing and operations patterns.

The business environment consists of three following sub-environments, with their related variables: the micro environment, the market environment and the macro environment, as depicted in Figure 3.1 below.

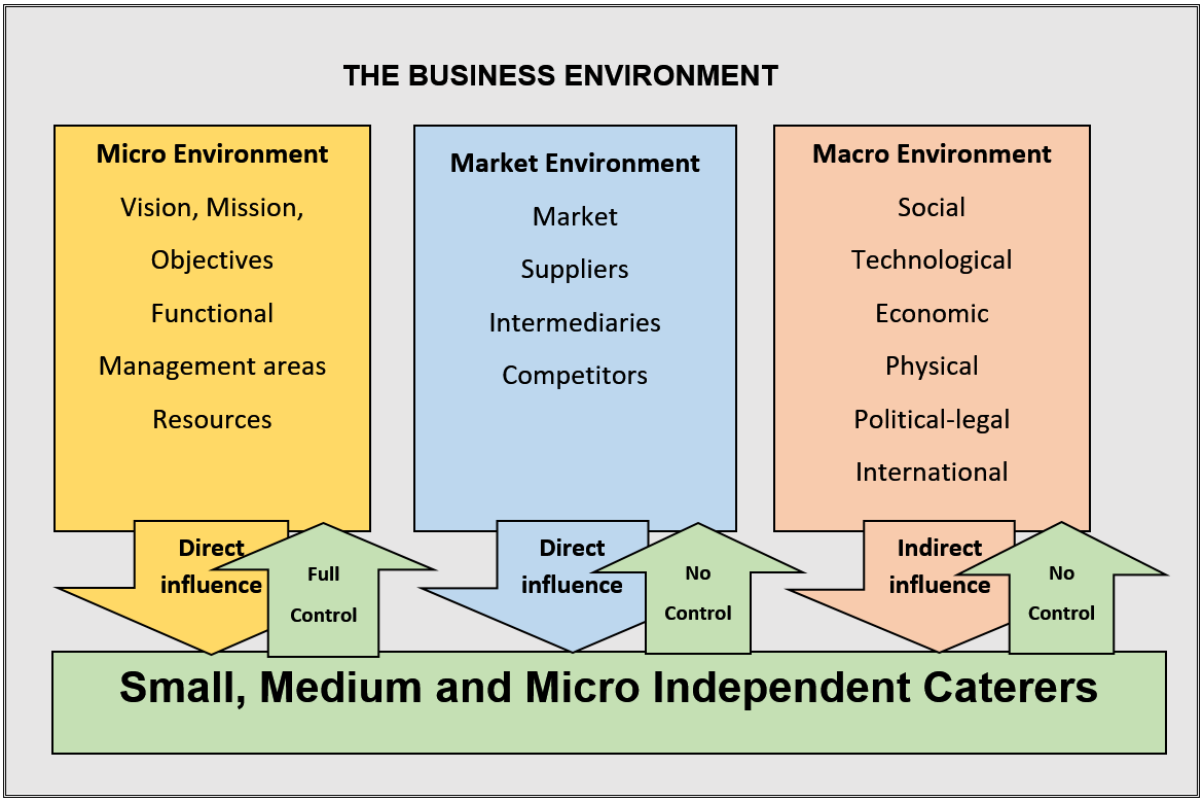


Figure 3.1: The business environment of SMMICs

Source: Adapted from Erasmus *et al.*, 2019:127

As shown in Figure 3.1, the micro environment is comprised of the following variables: mission, vision and objectives, functional management areas and resources. The market environment is comprised of the market, suppliers, intermediaries and competitors. The macro environment consists of the following environments: the social environment, technological environment, economic environment, physical environment, political-legal environment and the international environment. The degree of influence that each of these sub-environments has on the business and the amount of control that the business in turn has over the environments is also shown in the figure.

A detailed discussion of these three environments follows in the next sections. In order to manage the impact of the factors in the business environment and remain competitive, a business has to identify and analyse the strengths, weaknesses, opportunities and threats using the technique of a SWOT analysis. The SWOT analysis is explained in Section 3.6.

The next section discusses the micro environment of SMMICs.

3.3 THE MICRO ENVIRONMENT

The micro environment is situated within the business and consists of the following three main groups of variables:

1. The vision, mission and objectives;
2. The business management and organisational functions; and
3. The production factors, which include the resources of the business.

Management has direct control over this environment (Botha, 2018:31-34).

Figure 3.2 illustrates this environment in the context of SMMICs. It is shown how the variables directly impact on the SMMICs, and in turn, how the SMMICs directly control the variables. These variables will be discussed in detail in this section.

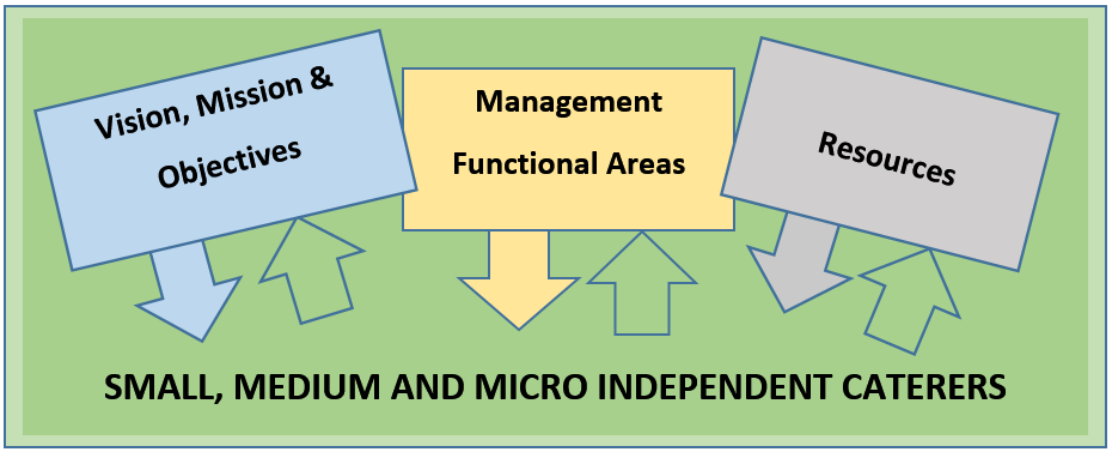


Figure 3.2: Micro environment of small, medium and micro independent caterers

Source: Researcher's own interpretation

3.3.1 Vision, mission and objectives

The mission and vision statements of an organisation are encapsulated in its strategic direction. The mission refers to the purpose of the organisation, and the reason for its

existence. The vision refers to a desired position that the organisation would like to be in the future. The vision and mission statements form the basis for establishing the strategic direction and objectives of an organisation (David & David, 2015:171,173). Research done on SMEs in South Africa indicates that they perform at higher levels of business performance when they have invested in mission and vision statements, engage in environmental scanning, and formally carry out strategic planning (Sandada, 2014:65).

Mission statements are important because they create a structure which guides management and employees. They also incorporate all aspects of the business, such as price, quality, service and relationships with customers and the community (Botha, 2018:87). It appears that SMMICs who devote time to drawing up mission and vision statements, and that ensure that they are adhered to, exhibit a stronger foundation for the business, and that those who do not would be exposing a weakness. An example of a mission statement for a caterer could be “to fulfil the catering needs of households in Area X by providing professional service and excellent food quality”, while its vision statement could be “to delight customers with amazing food and faultless service”.

After the vision and mission statements have been set, a caterer would need to set specific objectives or goals. These could relate to, for example, sales volumes, customer satisfaction, consistent quality and service, cultivation of an image, being dependable, flexible and delivering what is promised (Shock *et al.*, 2011:11). The goals could be set according to ‘SMART’ principles: Specific, Measurable, Attainable, Relevant and Time-bound (Thomas & Hansen, 2012:13). An example of a SMART goal for a caterer could be “to increase sales income by 15% per year for the next three years”.

Management can face a number of challenges in trying to meet its objectives. These can include struggling to market a distinct image, spending too much time with clients, attending to unique demands from customers, difficulty in costing and pricing, ethical issues, division of responsibility, time pressures, coordinating with other agencies, retaining qualified workers, and lack of food knowledge (Shock *et al.*, 2011:28).
Therefore, setting realistic, viable objectives and being able to reach them would be a strength for SMMICs, while setting unrealistic objectives or being unable to reach them would be a weakness.

3.3.2 Management functional areas

Some aspects of the general function of management, as well as the various business functions pertaining to SMMICs, are discussed below.

3.3.2.1 The general management function

The management function entails the management tasks of planning, organising, leadership and control. For a caterer, management commences with planning for a catering event. The first step involves ascertaining the customer's wants and needs. Next, objectives for the event are formulated, after which, decisions are made and operational tasks set up concerning budget, menu, location, number of guests and labour requirements.

Organising revolves around creating the menu, writing specifications, ordering, receiving, issuing, producing, transporting and service. Since good service is a crucial element of a successful event, the caterer ensures that staff members are well trained and motivated, and are able to professionally serve customers. After the event, the caterer performs the control function by monitoring performance compared to the objectives set, and evaluating aspects such as cash income, food, beverages, equipment and service (Shiring, 2014:124-271). A caterer needs to exhibit certain qualities to be able to succeed. A number of these qualities, as identified by Mattel (2016:5), are depicted in Figure 3.3 below.

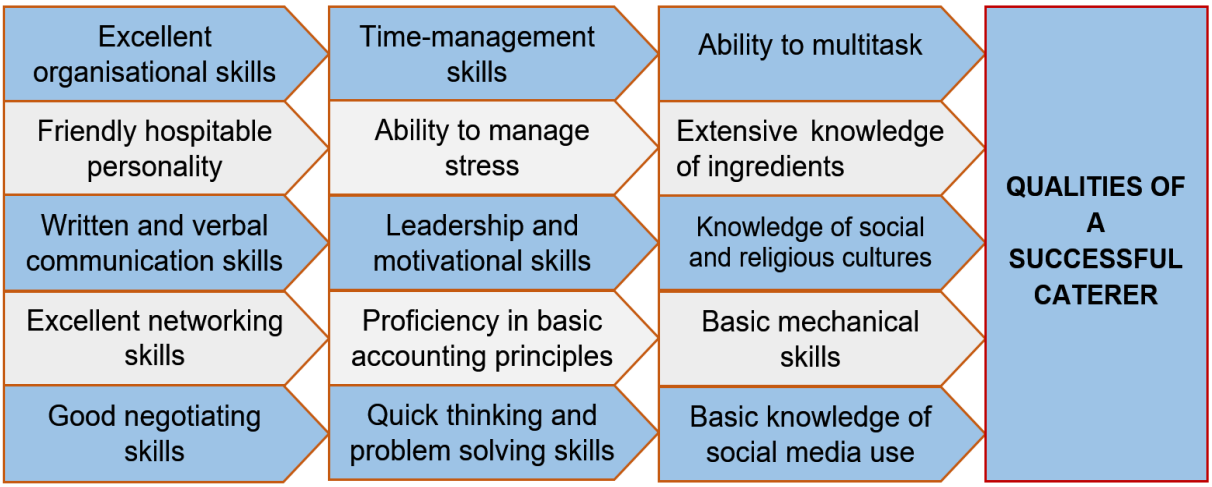


Figure 3.3: Qualities of a successful caterer

Source: Researcher's own interpretation (Mattel, 2016:5)

The qualities directly linked to management are the following: excellent organisational skills, excellent networking skills, a high level of written and verbal communication

skills, leadership and motivational skills, good negotiating skills, and quick thinking and problem solving skills. It is clear that a caterer who possesses these wide-ranging qualities would be a source of strength for the business.

A typical organisation chart of an off-premise caterer, as explained in Chapter 2 (Section 2.4.3.3), is depicted in Figure 3.4 below. Most SMMICs focus on off-premise catering, which entails preparing the food at their premises and then transporting and serving it at a location of the client's choice (Scanlon, 2013:42).

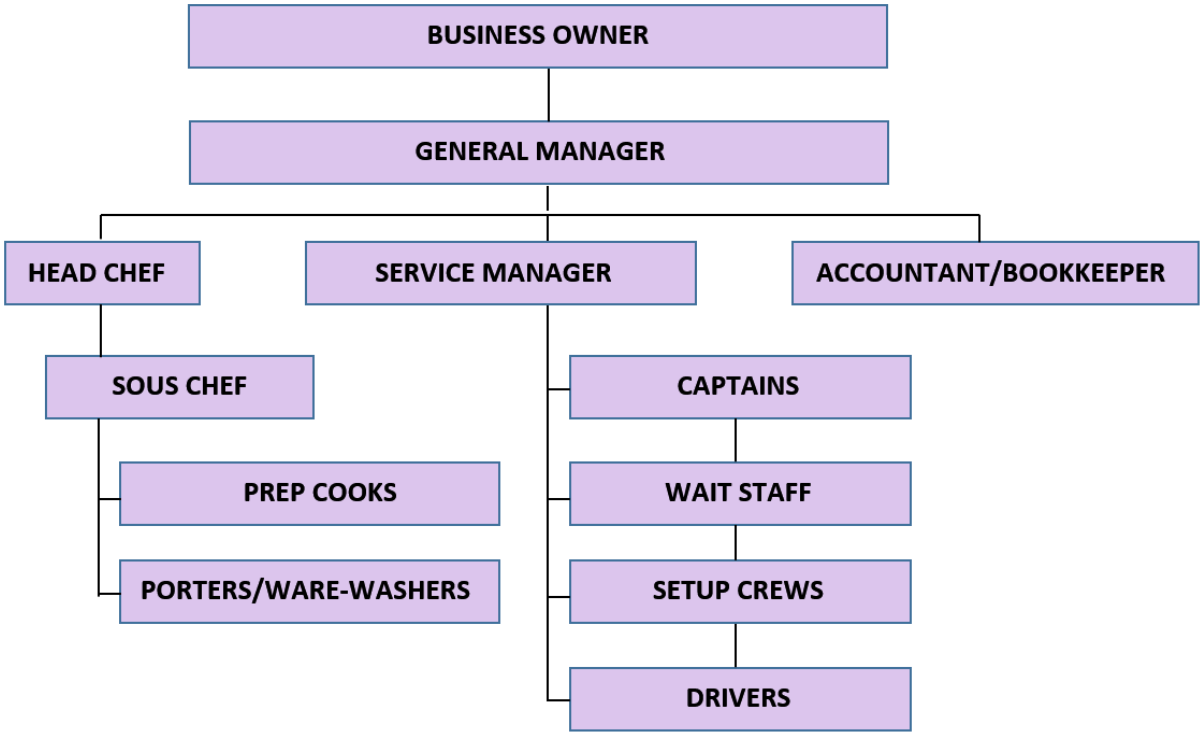


Figure 3.4: Organisation chart of an off-premise caterer

Source: Mattel, 2016:89

A few of the most important positions in the chart will be briefly explained. The head chef is in charge of everything that takes place in the kitchen and also does the following: the planning of menus, the developing of recipes and consequent creating of the recipe manual, the ordering of food, the training of kitchen staff, liaising with event planners and reporting to the business owner or manager.

Another important position is that of sous chef who is generally an assistant to the head chef. In the service area, there is the position of service manager who is in charge of service in all areas. Below that position is the captain who supervises the wait staff

and who takes responsibility for certain sections in the service area (Mattel, 2016:88, 90).

A strength for SMMICs would be good organising skills in setting up job categories, and in allocating the appropriate authority, responsibility and accountability.

It should be noted that not all SMMICs would have all the staff positions as indicated on the chart.

3.3.2.2 The marketing function

Marketing is “the process of developing sales plans, recognising industry trends, identifying customer needs, developing products, prices, advertising and promotion and sales (both direct and indirect) and measuring the success of all of these efforts combined” (Scanlon, 2013:66). There is a positive correlation between the success of a business and the relevant marketing skills, and therefore, marketing activities result in the growth of a business, and in turn, the general economic upliftment of society (Cant, 2012:1115).

It is therefore evident that caterers need to invest in marketing. Scanlon (2013:66) emphasises that marketing is required for catering businesses to grow and develop, and that weak marketing plans and activities can cause businesses to fail. Research by Cant & Wiid (2013:8) on SMEs in Tshwane South reveals that incorrect pricing strategies, the low demand for products, business site location, and lack of knowledge of the target market are the most important marketing challenges which affect these SMEs.

Marketing entails the four main elements of the marketing mix, namely, product, pricing, promotion and place, which are used to influence consumer behaviour to purchase. For a food and beverage concern, the ‘product’ would entail aspects such as the menu, food quality, décor and demeanour of serving staff. ‘Pricing’ is determined based on the need for profitability versus what customers are willing to pay, as well as taking into account any specials and discounts. ‘Promotion’ is performed through various advertising channels. The use of social media for promotion is discussed below. ‘Place’ includes aspects such as the location of the service point, the location of the central cooking unit and transportation methods (Davis *et al.,* 2018:305,306).

The marketing cycle of the caterer, as outlined in Figure 3.5, is briefly explained.

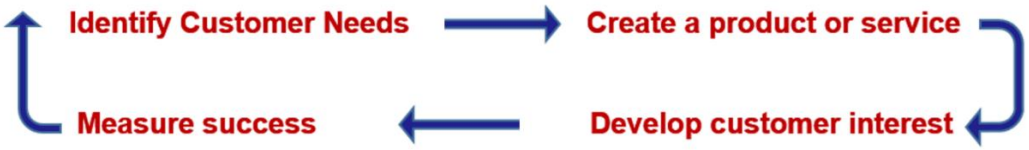


Figure 3.5: Marketing Cycle

Source: Scanlon, 2016:67

The first step in the marketing cycle is to identify customer needs. Successful caterers should recognise the demographic and social trends that influence customer needs. Next is the creation of a product or service. The use of customer surveys, focus groups and feedback forms can generate ideas for new products and services. In developing customer interest, a caterer can make use of various promotional strategies to inform and persuade customers, for example, through as direct-mail campaigns and social media. Finally, the caterer measures success, based on the number of customer responses, and sales and profitability figures (Scanlon, 2013: 67-74).

Successful caterers are those who develop a unique selling point, or are able to target a niche market, and thereby create a competitive advantage. This may be, for example, specialising in party platters, or upmarket home dining, or special dietary needs (Mattel, 2016:6).

There are a number of methods that caterers can use to promote their businesses. These include flyers, brochures, business directories and sponsorships. Social media is another powerful tool where caterers can post pictures of food, share original recipes, demonstrate cooking videos, produce blog posts and share relevant new items (Picinu, 2019). Examples of social media are Facebook, Twitter, Pinterest, Instagram, YouTube, websites and blogs. Shiring (2014:98,100) states that using social media "is a way for a caterer to build credibility, generate buzz and increase revenue."

According to Essential Chef (2015), an example of the power of social media in the catering industry is illustrated in the quote below:

> *Dining is no longer just a personal experience, but a chance to stage an extraordinary event along with the bragging rights that come along with these galas. With the popularity of social media and easy photo sharing, food art,*

plating and lighting become increasingly important as party-goers share every aspect of the event on Instagram, Snapshot, Facebook, and Twitter. Customers collaborate to put on the show.

However, while it is vitally important to have an effective up-to-date website, word-of-mouth is the most powerful means of advertising for a foodservice operation (Shock *et al.*, 2011:71, 81). It is noted that word-of-mouth testimonials are (also) spread via the internet and social media (Shiring, 2014:98).

Based on the evidence above, SMMICs who invest time in marketing will benefit greatly from their efforts and this will be a definite strength for the business. However, SMMICs must ensure that the customer is fully satisfied at a catering event so that word-of-mouth advertising can spread.

3.3.2.3 The operations function

The operations function deals with the process that creates goods and services. This is performed by the transformation of inputs into outputs (Hermann & Du Plessis, 2016:198). An effective operations structure will reduce expenses, create a competitive advantage, and result in a well-run, productive business (Van Aardt & Bezuidenhout, 2014:316).

The steps involved in a catering event were demonstrated in the off-premise catering model which was depicted and explained in Chapter 2 (Section 2.5.3.2). The model indicates that the operations of the caterer commences with the determination of managerial principles and philosophy. Thereafter, the operations functions are planning, preparation, the party (which is the show or event) and output. Output refers to the calculation of expenses and profit and loss of the event (Hansen & Thomas, 2015:30-31). Shiring (2014:120) adds that monitoring and controlling should be done throughout the event, and that the caterer should ensure that all legal, risk and insurance measures are in place.

The planning and carrying out of the logistical operations for an off-premise event is a very important management function. It is vital for off-premise caterers to visit the venue beforehand and to ensure that the correct equipment is used to prepare, transport and serve the food on location (Shiring, 2014:16). Based on the above, it is apparent that a caterer who does careful planning for off-premise catering events, and who pays attention to detail exhibits a strength for the business.

Some important components of the operations function include the location, the facilities needed for production and the equipment required (Van Aardt & Bezuidenhout, 2014:316).

Location

With regard to location, as stated previously, SMMICs are typically off-premise caterers. Off-premise caterers cater for events in any location. Examples of two off-premise locations are illustrated in Figure 3.6 below.

Figure 3.6: Examples of locations used in off-premise catering events

Source: The Heights Catering, 2019

Production facilities

An important aspect for SMMICs is their food preparation areas. The manner in which the catering kitchen is designed and laid out is key for the successful operation of a caterer. Proper systems should be in place for the receiving and storage of food, for the preparation and assembly of food, for worker and food safety, and for clearing and cleaning (Mattel, 2016:52). A workflow should be created where there is minimum obstruction, and that allows for the optimal use of equipment with the least time and effort involved (Foskett *et al.*, 2016:95).

Equipment

With regard to kitchen equipment, the two main categories are basic large equipment (for example, stoves, deep fryers and pressure-less steamers), and basic small equipment (for example, pots, knives and sheet trays). Equipment should always be carefully cleaned and stored (Shiring, 2014: 211, 212).

Figure 3.7 below illustrates a typical commercial kitchen used by a caterer.

Figure 3.7: Example of a commercial kitchen

Source: The Artisan Kitchen, 2019

3.3.2.4 The human resource function

Since productive and motivated employees are vitally important to the small business it is essential to search for, hire and retain the best staff available. Competitive businesses manage their staff capably and efficiently (Van Aardt & Bezuidenhout, 2014:329).

Caterers require kitchen staff as well as service staff. In both areas, a successful catering business requires staff members that exhibit the required expertise and who can fit in with flexible schedules (Scanlon, 2013:70). Staff should also be well trained, capable and have the goal of customer satisfaction at all times (Foskett *et al.*, 2016:361). Images of catering staff are shown in Figure 3.8 below.

Source: Local Event Caterers, 2019

Source: Weddbook, 2019

Figure 3.8: Catering staff

Many caterers find that problems with staff constitute the most difficult part of their business, and this includes work absenteeism, personality issues and insubordination. In addition, termination is not automatically an option since it is difficult and expensive to replace a trained employee (Mattel, 2016:110). Management needs to direct and motivate staff to ensure the productivity and profitability of the business. Motivation strategies could include financial rewards for good performance, giving praise or recognition, and granting extra responsibility or authority (Foskett *et al.*, 2016:372).

It is apparent from the evidence above that having loyal and committed staff would be a tremendous strength for a catering business, and that staff who are not dedicated to their jobs would be a source of great weakness.

There are a number of laws and bargaining council regulations relating to the employment of hospitality staff that could affect SMMICs in Cape Town. The Acts that are applicable to the hospitality industry, include the Occupational Health and Safety Act, the Compensation for Occupational Injuries and Diseases Act and the Employment Equity Act. In addition, there are two bargaining councils, the Tearoom, Restaurant and Catering Bargaining Council and the Restaurant, Catering and Allied Bargaining Council which negotiate on behalf of their members (Business Partners LTD, cited in SME Toolkit South Africa, 2016).

3.3.2.5 The finance function

The finance function entails acquiring appropriate financial resources, and ensuring the optimal use of finances to achieve the desired results. Relevant activities include securing prerequisite funding at the best terms possible, recording all financial transactions accurately and timeously, and safeguarding payments and cash received (Fourie & Conradie, 2017:4). Organisations need to assess their financial strengths and weaknesses before determining their plans and strategies. In this regard, they need to consider their working capital, liquidity, cash flow and assets (David & David, 2015:202).

Lack of adequate finance and the cost of finance are often listed by owner-managers as obstacles to growth (Burns, 2011:259). For foodservice operations particularly, a primary cause of failure is shortage of funds for working capital. Business owners need to ensure that they have adequate financial resources for items such as product

purchases, maintenance, and repair work, and that salaries are adequately provided for (Foskett *et al.*, 2016:284).

It is evident that there are benefits for caterers who manage their finances carefully, and that those who do not pay careful attention to their finances could place their businesses in a precarious position.

3.3.2.6 The purchasing and supply function

The purchasing function refers to the activities involved in obtaining materials, goods and services (commodities) for the business. The objective is that the flow of these commodities should be continuous, delivered timeously, in the right quantities, and also at terms favourable to the business (Badenhorst, 2018:4). The purchasing process is concerned with determining purchasing needs, identifying suppliers, negotiating with suppliers, placing and following-up orders, receiving and inspecting items and stock-keeping (Van Aardt & Bezuidenhout, 2014:277).

Figure 3.9 below shows examples of purchases of serving ware that are required by caterers. These include serving dishes, tableware, and glassware and crockery.

Figure 3.9: Examples of serving ware

Source: Wilkes Group, 2019

When buying food supplies the purchaser should write down the purchase specification of each item that is on the menu for an event. It is also important to buy produce at the right time, and purchasers should be aware of the shelf life of products. It is also essential when selecting suppliers, to find out about their reputation, their knowledge of their products, their stock lists and their pricing policies (Thomas & Hansen, 2012:390,392,394).

Based on the information above, a business strength is derived from caterers taking care in the purchase of their equipment, serving ware and food supplies, while also

paying attention to selecting the right suppliers and cultivating a good relationship with them.

3.3.3 Resources of the business

A key area that should be analysed in the micro environment of a business is its resources, both tangible and intangible (Moore, Petty, Palich & Longenecker, 2010:74). Resources are key assets or inputs that a business requires to be able to operate. They can be tangible (for example, cash, buildings, equipment and labour) or intangible (for example, skills, knowledge, reputation and brand) (Evans, 2015: 80).

Resources assist in making the products and services of a business unique and appealing, and it is therefore important for a business to identify, develop and use a set of resources able to achieve this (Amason, 2011:111-112). Viewing the business in the context of resources is a way of gaining a competitive advantage through prioritising the application of internal resources in the correct mix, type, nature and amount (David & David, 2015:191). An audit and evaluation of strategic resources entails identifying the main skills and resources within an organisation, after which they are compared with those of competitors, and also in terms of what is required to succeed in the industry (Thompson & Martin, 2017:164).

While there are different ways of categorising resources, Figure 3.10 presents one way of depicting the important resources that an organisation should evaluate.

Financial Capital structure Working capital Cash flow	**Information** Organisational knowledge Information systems Problem solving capabilities
Operations Location and premises Equipment Processes	**Human** Skills and experience Motivation and culture Productivity
Marketing Products and services Market information	**Intangible** Reputation Goodwill Skills

Figure 3.10: Categories of resources in an organisation

Source: Thompson, 2017:165; Evans, 2015:85

The figure depicts six main categories of resources, namely, financial, information, operations, human, marketing and intangible, with examples of each. All of these resources appear to be fully applicable to catering businesses. Based on the discussion above, it is evident that caterers should take time to carefully evaluate their resources and determine which are strengths for the business, and which are weaknesses. They should then take steps to remedy the problem areas.

The next section evaluates the market environment in the context of the opportunities and threats which exist in this environment for the caterer.

3.4 THE MARKET ENVIRONMENT

The market environment is found directly outside the business. It influences, and in turn, is influenced by the micro and macro environments. It is generally composed of customers, suppliers and competitors, and also intermediaries such as wholesalers, brokers and banks (Botha, 2018:34-38).

The market environment and its impact on the SMMICs are depicted in Figure 3.11 below.

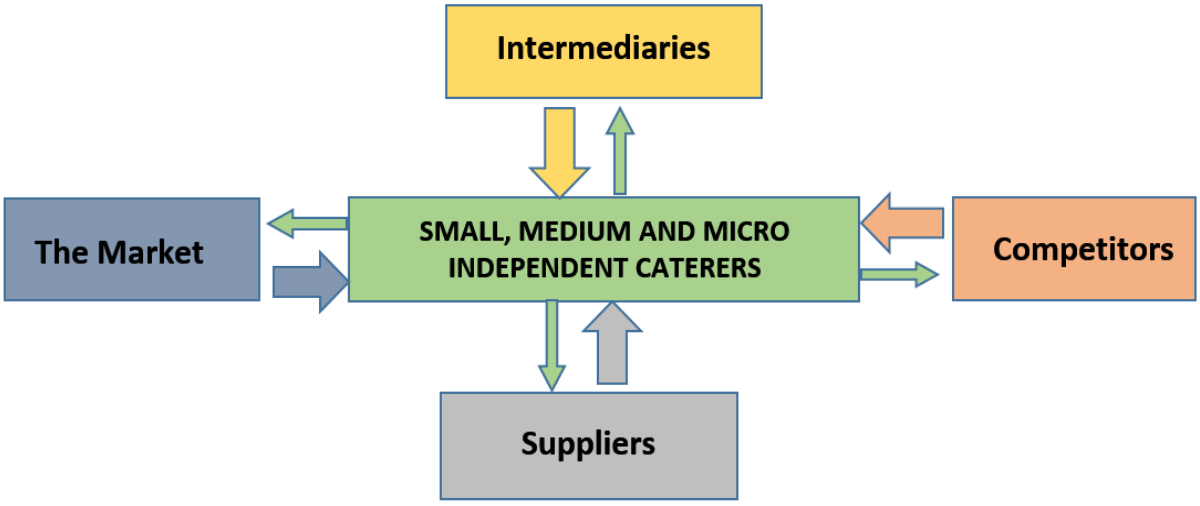


Figure 3.11: The market environment of the business

Source: Researcher's own interpretation

The green arrows indicate the limited influence that SMMICs have on the variables in the environment, while the other arrows indicate the much stronger influence that the variables in the environment have on the SMMICs. The four variables are discussed below.

3.4.1 The market environment

The target market of a business can be defined as comprising of existing or potential consumers who are willing to engage in a process of exchange to obtain goods or services which will satisfy their wants or needs (Van Aardt & Bezuidenhout, 2014:297). In order to market products cost effectively, market segments should be identified. Market segmentation was discussed in Chapter 2 (Section 2.3.4.2). In the food service industry, market segmentation can be done according to geographic area, age group, socio-economic status, disposable income and family life cycle (Davis *et al.*, 2018:300,301).

Caterers, therefore, need to understand the various demographic and social trends which impact on customers, and to capitalise on the relevant marketing opportunities that may be perceived (Scanlon, 2013:67). Shock *et al.* (2011:35) point out succinctly that "catering is a consumer-driven industry that is stimulated by clients who demand exceptional quality and excellent value for a reasonable price." They add that there are many types of potential customers for caterers, and that new types of clients appear all the time.

Various methods, such as profiling and demographic market surveys, are used by businesses to obtain information about their target customers. Profiling provides information on the demographics, geographics and psychographics pertaining to the consumer. Some questions which can be asked in this regard are (Hiduke & Ryan, 2013:91,117):

- What are the needs of the customers?
- What quality do they wish for with regard to the product and services?
- What price will they pay?
- What is the competition?

Demographic market surveys reveal information such as population, age, income, religion and spending habits (Mattel, 2016:17). However, according to Scanlon (2013:55), it can be difficult to determine a final customer profile for catering services because of the diversity of age groups and needs. For example, there are demands for a wide variety of functions such as banquets, weddings, business functions and parties by various age groups.

The two major off-premise catering markets are the corporate market and the social market (Thomas & Hansen, 2012:318), as depicted in Figure 3.12. As stated in Chapter 2, these are the two markets that SMMICs primarily cater for.

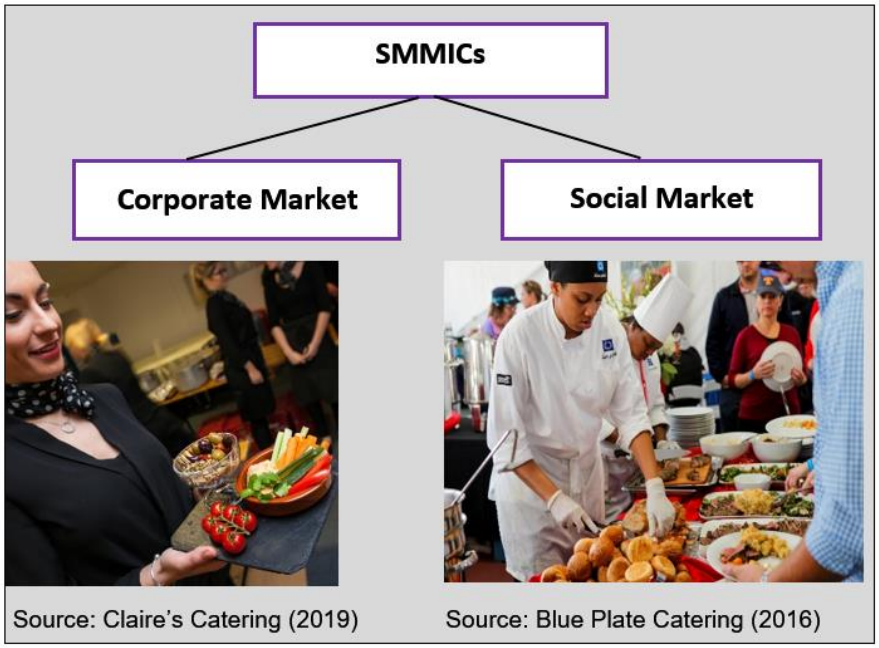


Figure 3.12: The corporate and social markets of SMMICs

Source: Researcher's own interpretation

A further way in which caterers can divide markets is to select different geographic areas and to create budget ranges for customers within each area. These ranges are classified generally as low-end, mid-level and high-end (Shock *et al.*, 2011:35).

Finally, it is important to note that customer satisfaction is paramount, and is the base for the growth and profitability of a business. In planning for catering events, customers should be served professionally at all times and full attention should be paid to their needs, wants and demands (Shiring, 2014:75). Excellent food should be served in an atmosphere where customers feel welcome and at ease (Foskett *et al.*, 2016:344).

3.4.2 The competitive environment

It is important for a business to be aware of the competitive forces it faces in its industry. A tool used to analyse the competitive environment of a firm, the Five Forces framework or model, was developed by Michael Porter (Burns, 2011:146). Figure 3.13 below is a depiction of the Five Forces model.

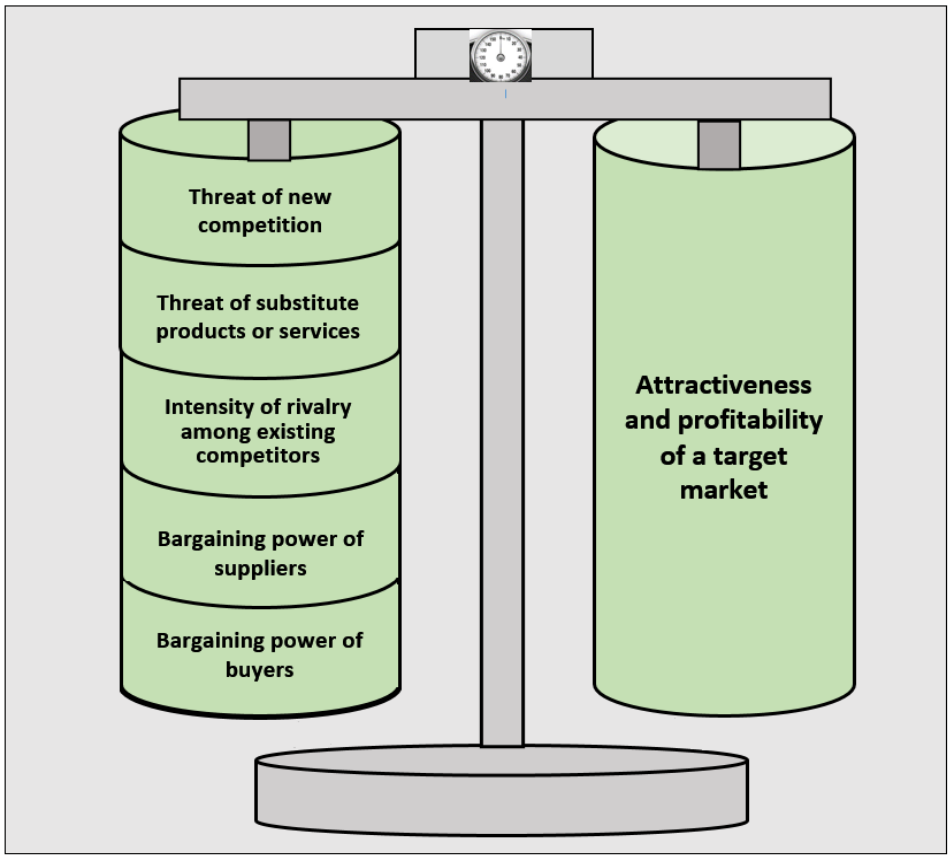


Figure 3.13: Major factors offsetting market attractiveness

Source: Moore *et al*., 2010:73

The model shows: 1) the power of buyers, 2) the power of suppliers, 3) the threat of new entrants, 4) the threat of substitutes, and 5) the competitive rivalry in the industry. The weaker the five forces, the better the chances that the business will survive and perform well. The strengths of these factors are depicted as weights which could potentially outweigh the attractiveness of the market if they are strong enough to do so (Burns, 2011:146).

Applying the framework to SMMICs in Cape Town, it is apparent that the first competitive force in the model, the threat of new competition, is a significant factor. It is not difficult to start a small catering business, as the main requirements are a business licence and a certificate of availability (City of Cape Town, 2019b). It is therefore fairly easy for new caterers to enter the industry.

The second competitive force, substitute products or services, implies that customers can make use of other products and services to fulfil the same function (Moore *et al.*, 2010:72). A substitute for a catered event could be to hold the function at a restaurant where patrons make their choice from the menu or buffet if one is provided.

Consumers could also decide to cater for the event themselves or ask friends and family to do the catering. Another option could be to purchase the necessary food items from a supermarket or one of the other food and beverage providers, as mentioned in Chapter 2.

The third competitive force, intensity of rivalry among existing competitors, appears to be a possible threat in the catering industry in Cape Town. For example, an internet search revealed that there are about 250 active SMMICs advertising their services in the greater Cape Town area.

Figure 3.14 below shows a map of the area.

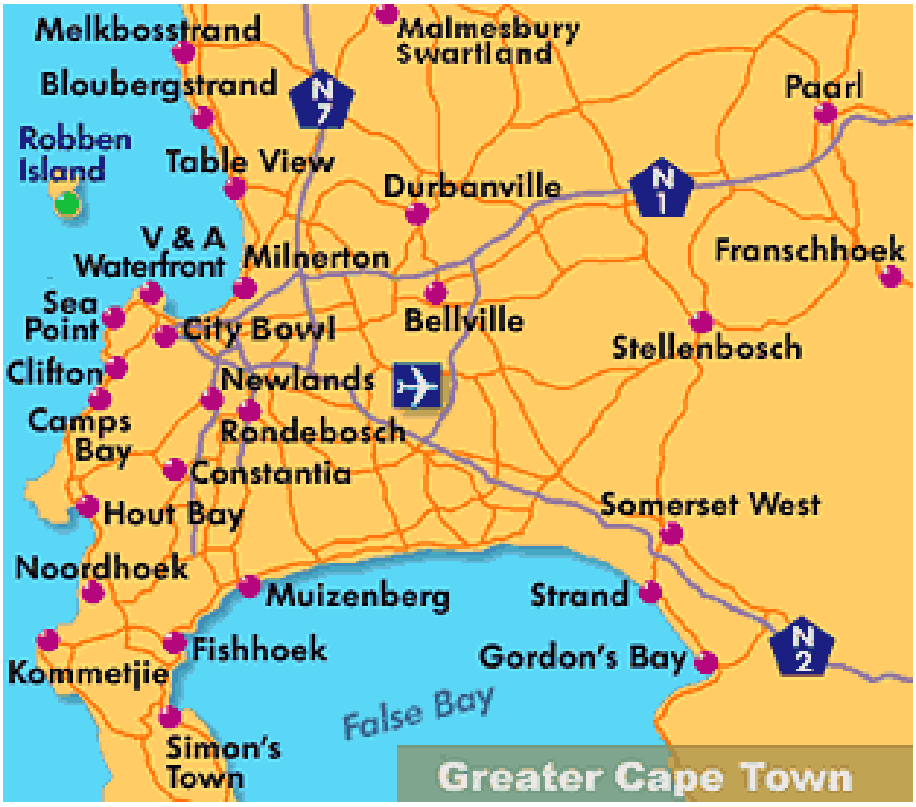


Figure 3.14: Map of the greater Cape Town area

Source: Vacations Dream, 2019

As seen on the left of the map, important towns range from Simon's Town and Noordhoek in the south, the City Bowl in the middle, and Milnerton, Durbanville and Bloubergstrand in the north. In the middle of the map are found Grassy Park and Mitchells Plain (not shown) to the right of Muizenberg, Bellville in the middle, and Durbanville in the north. On the right of the map there are Strand and Gordon's Bay, with Somerset West in the south, Stellenbosch in the middle and Paarl in the north.

Many caterers offer their services all over the greater Cape Town area, as shown in extracts taken from their websites (depicted in Figure 3.15 below). Many also indicate that they cater for the corporate as well as the social market.

"Best Choice Caterers and Food Company is a full service catering and food production concern, operating in and around all Greater Cape Town suburbs and most rural areas."

Source: Best Choice Caterers (2019)

"Budget Catering is a company based in the Western Cape, which primarily focuses on delivering 'delightful' dishes for events such as Weddings, Birthdays, Corporate events etc."

Source: Budget Catering (2019)

"We are fully equipped and registered company, specializing in weddings (garden & beach) 21st birthdays, parties, spit braais, debutant balls, matric balls, staff functions and funerals. We go as far as Atlantis, Vredenburg, Veldrif, Malmesbury, Wellington, Paarl, Worcester, Caledon, Hermanus, Strand and the Cape Peninsula. We cater from 100 to 2000 guests per function."

Source: Leibrandt Caterers (2019)

Figure 3.15: Example of SMMICs in Cape Town promoting their offerings on their websites

The fourth competitive force refers to the bargaining power of suppliers in the industry. An internet search for food and equipment suppliers in Cape Town reveals that there are a number of food manufacturers, wholesalers and suppliers of catering equipment available to supply the needs of the SMMICs. It is not known how powerful these suppliers are and how much bargaining power they have.

The final competitive force concerns the buyers or customers in the industry. Through the internet, consumers have a lot of information about all the types of caterers and options available to them. This means that consumers can switch caterers very easily. Social media is also a way for buyers to quickly express their satisfaction or dissatisfaction. This could be a threat or opportunity for the business, depending on what the nature of the feedback is.

It is important for SMMICs to conduct a thorough analysis of their competitors to allow them to determine ways of differentiating their business from the competition, and to determine any potential new market niches. The type of information that can be

gathered about a competitor include the name and address of the competitor, the kind of function space that it has, the types of customers it serves, the number of guests it can take, the products and services it offers, and the kind of atmosphere that it promotes, for example, sophisticated, traditional, rustic or elegant (Shock *et al.*, 2011:56-57).

Thereafter, SMMICs need to determine their competitive strategies. Some could follow closely what their competitors are offering, while others could try to be completely different, for example, regarding their menu items. Various strategies could involve differences in quality, service, pricing, novelty, types of foods, and a good sales approach (Mattel, 2016:25).

Competitive forces could pose significant threats to SMMICs in Cape Town. It is evident that some SMMICs attempt to differentiate themselves in particular ways. Figure 3.16 below gives examples of differentiation by caterers, as taken from their websites.

"Specialising in producing exquisite, handcrafted canapés & bowl food for Cape Town and the surrounding areas."

Source: Mad About Food Catering and Events

"We provide the best in Halaal catering and would go as far as to say that we are the leading Halaal caterers in Cape Town."

Source: Cathkin Caterers

"Gourmet, raw food catering for Cape Town."

Source: Earthshine Easy Living Food

"We are an upmarket catering company in Cape Town."

Source: Appetite Catering

Figure 3.16: Examples of SMMICs in Cape Town highlighting areas of differentiation

3.4.3 The supply environment

Suppliers deliver the inputs that businesses use to make and provide their products and services. These inputs range from raw materials and equipment to finance and labour resources (Erasmus *et al.*, 2019:133). Caterers and food suppliers need to develop good working relationships, and should foster an understanding of each other's responsibilities, particularly with regards to price, delivery and quality or standards (Foskett *et al.*, 2016:247; Mattel, 2016:34). In particular, caterers should

evaluate suppliers in terms of the following six areas: product range, product samples, price lists, trading terms, other customers, and supply chain (Davis *et al.*, 2018:162).

An efficient supply of catering equipment and food and beverage products is essential for SMMICs in Cape Town. Regarding food supplies, Cape Town is well established as a national centre for the manufacturing of food and beverage, and hosts some of South Africa's largest food and beverage manufacturing companies (Invest Cape Town, 2019).

A google search using the keywords "catering equipment cape town" reveals more than 40 suppliers of new or second-hand catering equipment. These suppliers generally all have sophisticated websites, with detailed descriptions of their products and services. The same applies to the websites of food distributors in Cape Town. Figure 3.17 below is an example of the website pages of two catering equipment suppliers and two food suppliers.

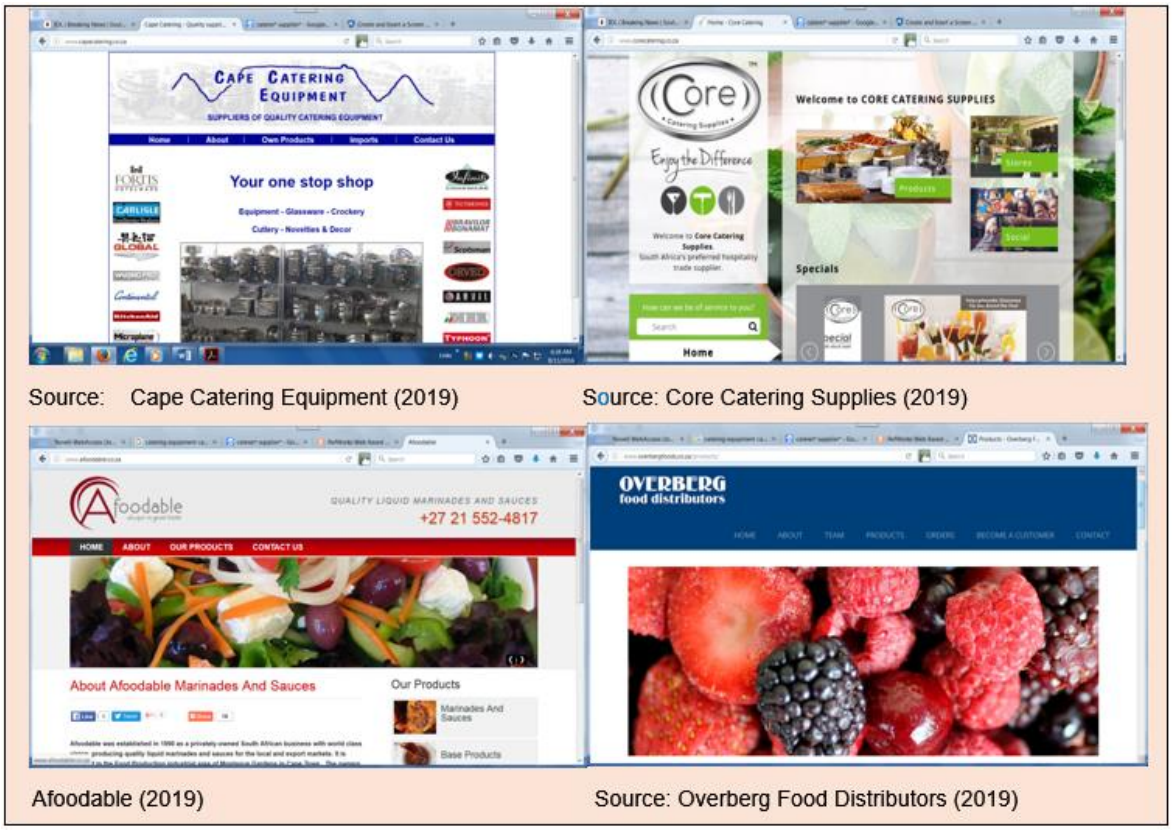


Figure 3.17: Web pages of food and catering equipment suppliers in Cape Town

The equipment that SMMICs generally need falls within the categories of cooking, refrigeration, food preparation, beverage, dishwashing, cleaning equipment, butchery, kitchen utensils, buffetware, tableware and uniforms (Premium Kitchens, 2019).

Supplies with regard to food and beverages include dry goods, frozen goods, refrigerated goods, dairy, treats and dessert, canned food, cordials and drinks, deli items, spices and condiments. Other types of supplies are cleaning materials and packaging (Gourmet Food Distributors, 2019).

Information and communication technologies are revolutionising the way food and drink services are rendered and businesses are run in the hospitality sector (Sekulovska, 2016). At present, there does not appear to be any company providing IT systems specifically designed for caterers in Cape Town, although there are various vendors offering catering software online.

3.4.4 The intermediary environment

Intermediaries enable goods and services to be transferred to the consumer. Examples are wholesalers, retailers, agents, and brokers (Weedmark, 2019). There are also financial intermediaries which include banks, insurance companies and pension funds (Pettinger, 2018). For example, SMMICs would require services from wholesalers and distributors, and also banks and insurance agents should they require financial assistance.

Another type of intermediary is the agent who facilitates business between the customer and the SMMIC. These could be, for example, party or wedding planners who are hired by customers and who take responsibility for everything, including catering. Other examples of intermediaries are transportation companies and travel agents who book catered meals for clients, or event planners who require the services of a caterer.

Local government agencies are also regarded as intermediaries as they render services when events are scheduled to take place in a public area, or which involve fire, parking, an off-site liquor licence, and off-premise kitchen facilities (Shock *et al.*, 2011:329).

There are also new forms of intermediaries coming on the market, for example, smartphone applications (apps) which enable customers to order from caterers or restaurants, and have the food delivered to their choice of location (Khan, 2019). This could be a threat or opportunity for SMMICs, depending on whether they are able or willing to make use of these apps or not.

The macro environment of the SMMICs is discussed in the next section.

3.5 THE MACRO ENVIRONMENT

There are a range of variables in the macro environment that can influence the business. It is particularly important to consider the various forces in the macro environment which can influence SMEs/SMMEs. For example, research in Tshwane, South Africa, indicated that the major macro environmental variables affecting SMEs in that area, are crime, legal requirements, and economic factors such as unemployment, inflation and interest rates (Cant & Wiid, 2013:8).

The variables in the macro environment can be combined into various acronyms, such as STEEPLE, PESTLE or SLEPT, and they basically indicate some or all of the following: socio-cultural, technological, economic, environmental (physical), political-legal and international variables. The variables are depicted in Figure 3.18 below.

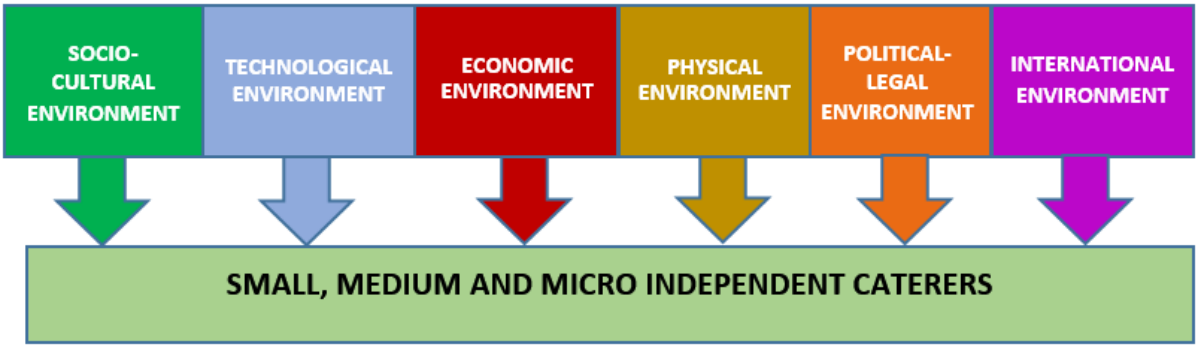


Figure 3.18: Macro-environment variables which impact SMMICs

Source: Researcher's own interpretation

Each of the variables in the figure will be discussed below.

3.5.1 The socio-cultural environment

The socio-cultural environment refers to various trends in society that affect the needs of consumers, as well as their buying decisions, such as, for example, lifestyles, demographics and values and behaviours (Cant & Van Heerden, 2018:50).

A number of changes have been identified in the socio-cultural environment worldwide that influence the catering industry. For example, there is mass urbanisation, which has contributed to a change in eating habits, such as a move to processed food. There are demographic trends, such as the increase in single households, and the

phenomenon of smaller families, which fuels the demand for ready-to-eat foods. There is also the trend to more healthful living and organic products, as well as the increasingly important issue of food waste (Neves, 2014:4).

The needs of catering customers are influenced by various demographic and societal trends. For example, there is the increase in double-income families and the general aging of the population. With increased income and less time available for food preparation, customers often choose to enter the convenience food market. (Scanlon, 2013:67).

With more people from all strata of society eating out, customers are also becoming more knowledgeable and also increasingly more aware of value.

Various fads, fashions and trends also influence the industry, such as the influence of culture, religion, healthful eating and vegetarianism (Cousins *et al.*, 2014:1). Examples of healthier food options are those listed as organic, sugar-free, dairy-free and gluten-free. The media also plays a significant role. Television, radio and the print media can influence consumers to make healthy food choices but can also have the opposite effect if unhealthy food items are promoted (Lopez, 2014).

Opportunities exist for SMMICs to recognise how these trends can be beneficial to their business. However, SMMICs that do not pay attention to the trends that could affect them, and/or that do not prepare for them, could face threats in not being able to cope with various demands by customers.

3.5.2 The technological environment

According to David and David (2015:236), “Technological advancements can dramatically affect organisations’ products, services, markets, suppliers, distributors, competitors, customers, manufacturing process, marketing practices, and competitive position”.

In relation to technology and its impact on the food and beverage sector, it is apparent that a huge innovation has been the increasing speed of communication and media that enable access to new ideas and opportunities. However, there is potential for more progress such as advancements in recycling technology (Neves, 2014:57). Currently, in the food industry, new technological innovations are arising, such as robotic machines, 3D printing of food, drones in agriculture and edible packaging, as

well as bacteria-fighting packaging (Martin, 2019). Figure 3.19 below depicts an illustration of 3D-food printing.

Figure 3.19: 3D-food printing

Source: Rajan, 2018

3D food printers are forecast to become regularly-used appliances in food production, producing anything from nutritional bars to pizzas, and they are eventually expected to be used as personalised nutrition printers for use at home (Rajan, 2018).

Another example of technological change in the catering industry is the ever-increasing variety of catering software programs which are being developed on apps or computers. These include programs for accounting, staffing systems, menus, food costing and online ordering (Sacks, 2018).

Various other technological changes are related to product development, such as the development of alternatives to dairy produce and also the production of irradiated foods. There is also the mechanisation of food production systems (Davis *et al.*, 2018:18).

The advent of the internet and social media has had the biggest impact on caterers in the last few years. Common social media platforms for caterers are websites, Facebook, Twitter, YouTube and Instagram. Social media sites allow caterers to communicate with and interact with customers and potential clients. Thus, consumers can easily share word-of-mouth testimonials about their experiences with caterers (Shiring, 2014:98). For the caterer, the benefits of social media include being able to work on and improve a digital media strategy, the ability to better target customers, expand the audience base, increase the chance for reservations, allow for direct

dialogue with customers, gain improved insight into customers, and retain loyal customers (Davis *et al.*, 2018:322).

A recent trend, driven by technology is the high-speed delivery of food to homes, offices, or wherever the client wishes. All this is smartphone driven, from locating a food provider, to ordering and making payment. Another linked trend is for the food to be ordered from so-called dark kitchens (also called ghost, virtual or cloud kitchens). These are restaurants or caterers that are established for food delivery only, using app-based delivery companies, such as Uber Eats and Mr D Food (Van Tilburg, 2019).

Given the tremendous impact of the internet, social media and smart phones, it appears that new opportunities and potential threats in the technological environment are continually arising for SMMICs.

3.5.3 The economic environment

In the economic environment there are various variables, such as inflation, interest rates, the growth rate of the economy, and exchange rates that affect the business, as well as the consumer's disposable income and buying behaviour (Botha, 2018:39). Some other economic variables that have an influence on food production and prices are growth in GDP, exchange rates, inflation, interest rates, and investment undertaken in food and agriculture (Neves, 2014:4; Cousins *et al.*, 2011).

The South African economy has been characterised by poor economic growth, and was in a recession in the first quarter of 2020. Overall, real GDP increased by 1.4% in 2017, 0.8% in 2018, and 0.2% in 2019 (StatsSA, 2019e, 2020a). In March 2020, there was an unemployment rate of 29.1%, interest rates at 6.25%, an inflation rate of 4.5%, and a rand dollar exchange rate of around R16.54. At the time of writing this dissertation, government debt was estimated at 55.5% of GDP (Trading Economics, 2020a).

Reasons for the poor economic performance include weak global growth, the volatile prices of commodities, the high public sector wage bill, the poor performance of state-owned enterprises, regular electricity shortages, unpredictable weather, strikes, higher input prices and weak demand (African Development Bank Group, 2020).

However, in figures more specifically related to catering, in 2019, the wholesale, retail and motor trade; catering and accommodation industry expanded by R33 billion to

R685 billion. This was the third highest contributor to GDP, after Finance, real estate and business services and General government services (StatsSA, 2020b).

Another economic indicator linked to food, and ultimately, catering is the consumer price index (CPI). The CPI in South Africa “measures changes in the prices paid by consumers for a basket of goods and services” (Trading Economics 2020b), while the inflation rate is “the change in the CPI for all items of the relevant month of the current year compared with the CPI for all items of the same month in the previous year expressed as a percentage”. The inflation statistics for the country were on average 4.6% (2015), 6.4% (2016), 5.3% (2017), 4.7% (2018) and 4.13% (2019) (StatsSA, 2019b).

Figure 3.20 below depicts the inflation rate from 2011 to November 2019.

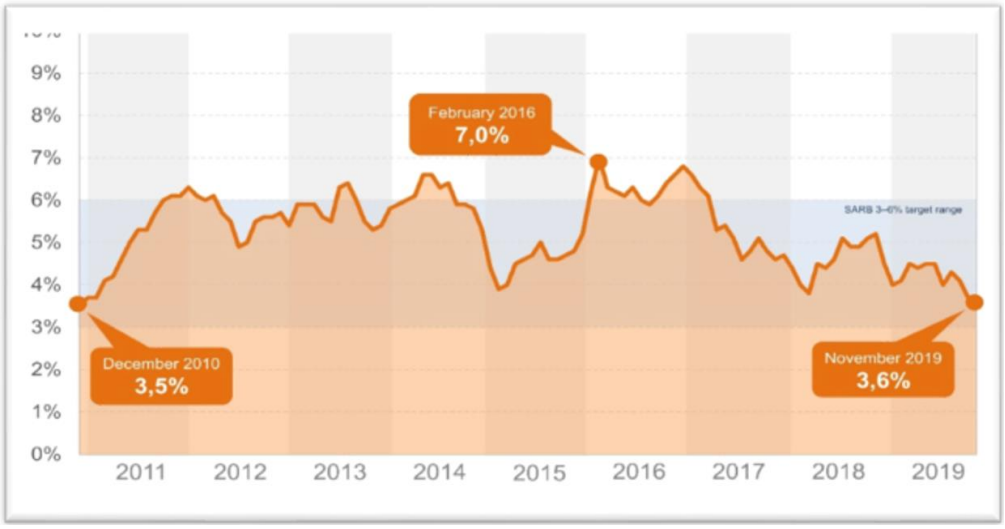


Figure 3.20: South African inflation rate (2011 – 2019)

Source: StatsSA, 2019e

Figure 3.20 shows that the inflation rate fell from a peak of 7.0% in February 2016 to 3.6% in November 2019, the lowest since December 2010. Although the inflation rate has declined, it is clear from the other economic data above that the disposable income of consumers has diminished. This is a potential threat for the catering industry.

It is not known whether the corporate market has reduced its use of catering services. It appears unlikely, however, that corporate and private consumers will stop using catering services, as important business and life events still have to be celebrated. They may, however, choose to utilise catering services on a cheaper scale instead.

With the yet unknown effects of COVID-19 on the economy in 2020, it is unclear what impact this will have on the hospitality industry and on the catering segment, in particular.

3.5.4 The physical environment

The physical environment refers to all the natural resources that exist within a country (Botha, 2018:42). All caterers need to be aware of changes taking place in the physical environment, on a macro scale as well as on a micro level. For example, there is increased interest in the origins of food such as where it is grown or reared. There is also more concern about food safety and sustainable farming methods (Foskett *et al.*, 2016:147).

There is immense pressure on farming resources on an international level. Firstly, the world population is growing at an incredible rate, resulting in an increasing demand for food. Secondly, there are factors putting additional pressure on food commodities' markets, which include the following: farm and agricultural land being utilised for other purposes, climate change, droughts, water shortages, increases in farming input costs, and plagues and diseases affecting animals and farmland (Neves, 2014:6-7).

Important threats for SMMICs in the physical environment could be problems with supply, water quality, and energy (particularly with regard to load shedding which could greatly affect the capacity to prepare and serve food for an event). Other factors which impact on the physical environment, are energy conservation issues and the impact of genetically modified foods (Cousins *et al.*, 2011). In this respect, the City of Cape Town is committed to the manufacturing of food and beverages in a sustainable and ethical manner (Invest Cape Town, 2019).

Sustainable agriculture requires the establishment of farms that have good soil and produce healthy food, while at the same time, doing profitable business. Thus, environmental sustainability requires an ongoing commitment toward better technologies, and green products and methods.

Caterers should respond by following greener business practices (Shiring, 2014:365,372). To this end, food and beverage businesses could invest in the best possible energy-conserving equipment, check their ventilation systems regularly, and review their cooking and storage methods (Foskett *et al.*, 2016:124,125). They could

also commit to reducing waste, managing water usage more efficiently, and using more sustainable resources (Davis *et al.*, 2018:354). By implementing these measures, SMMICs could promote themselves as caring businesses that have a regard for the environment.

3.5.5 The political-legal environment

Political-legal (political and statutory) factors consist of the legislation and regulations that affect the strategies of businesses (David & David, 2015:235). For example, governments play a regulatory function in the food industry. These include restricting foreign investment in land, environmental protection legislation, various subsidies and grants, food safety regulations, employment contracts, licencing legislation, and the imposing of various taxes (Neves, 2014; Cousins *et al.*, 2011).

In South Africa, anyone who wishes to start a food business will need to acquire a business licence. This is according to the Business Act, No 71 of 1991. In addition, there is hygiene legislation, relating to the Foodstuffs Cosmetics and Disinfectants Act, Act 54 of 1972 which must be adhered to. Included in these regulations (R638), is the requirement of a Certificate of Acceptability by anyone who handles food or who allows food to be handled on a food premises (Jackson, 2017, 2018)

The City of Cape Town also has a food quality and safety programme that monitors the safety of food products. This includes the licencing and certification of food preparation facilities, inspection (without prior notice) and food sampling, investigating of food poisoning cases, and also the investigation of any customer complaints related to the provision of food products and services.

Various other regulations and legislation applying to a food business, include general hygiene requirements, transporting of food, liquor trading licences, labour laws and taxation laws (City of Cape Town, 2019c). In addition, a regulation that applies to caterers, depending on the size of the event, is the by-law applying to events (City of Cape Town, 2019b).

Food safety is of utmost importance to any catering establishment. According to Shiring (2014:145), “The single most important guarantee any caterer can imply to a client is the serving of honestly presented food free of bacterial, physical or chemical contaminants”. An internationally recognised system called Hazard Analysis Critical

Control Point (HACCP) identifies various hazards (chemical, physical or microbiological) which can impact an organisation (Davis *et al.*, 2018:179). This food safety management system identifies critical control points at which contamination can occur. Controls are subsequently set up to prevent this happening (Foskett *et al.*, 2016:65). The system is being phased in in South Africa, and is currently applicable to food handling enterprises dealing with meat and poultry (Government Gazette, No 41707, 2018).

An additional regulatory measure affecting the food and beverage sector is a sugar tax that came into effect in 2018 in an attempt to reduce the excessive consumption of sugar, and decrease related disease in South Africa (SARS, 2019).

It is important for SMMICs to be aware of all the relevant government and local regulations which affect their businesses so that they can be proactive in dealing with any threats or opportunities that may arise.

3.5.6 The international environment

There are a number of ways in which SMMICs can be influenced by the international environment. For example, the instability in oil prices affects food prices (Neves, 2014:3). Globalisation is another factor that has to be considered, as it has resulted in freer trade, in innovation and product development, and it grants businesses new opportunities and worldwide market access (Erixon, 2019).

It is evident that customers who have travelled internationally have gained knowledge of other countries' foods and beverages, and this could influence their demands (Bowe & Buttle, 2013:21). Some travellers are active food tourists, and they specifically seek out local producers, restaurants, food festivals and specialist food production areas in a country (Foskett *et al.*, 2016:20). This has an impact on the local food industry and could open up access to new food products and ideas.

Catering trends that emerge every year in the international media can influence the way SMMICs operate and the dishes they make. Some examples of trends that were identified in 2019 and 2020 include cooking demonstrations at the event, menus designed with locally grown ingredients, cannabis/CBD oil-infused food, healthy menus, and natural and organic food (Abers, 2019). In addition, there is increased use of foodservice technologies, such as digital reservations systems and tracking the food

ordering histories of customers. More emphasis is also being placed on ‘clean-and green’ catering practices, such as changing to biodegradable catering supplies (Stoehr, 2020).

Although the high-speed delivery of food to the client’s location of choice and dark kitchens (as explained earlier) have been trending internationally, they have just recently been introduced in South Africa. Another trend originating overseas, and which has been adopted locally, is having meal kits delivered to homes with instructions on how to make the dish (Whiteman, 2016, 2019). Meal kits are sold in South Africa by various supermarkets and dedicated companies such as UCOOK and Daily Dish.

By following and putting into practice some of these overseas trends, SMMICs may discover new opportunities to attract customers. However, SMMICs who do not pay attention to overseas trends may lose out on new ideas and information, and may face threats from customers who go elsewhere, or competitors who take some of their market share.

The SWOT analysis, as it applies to SMMICs, is discussed in the next section.

3.6 SWOT ANALYSIS

A SWOT analysis is a management tool which involves a systematic assessment of all aspects of a business in the context of evaluating internal (micro environment) weaknesses and strengths, while considering external (market and macro environments) opportunities and threats (Davis *et al.*, 2018:101,102).

Strengths may be, for example, superior skills, resources or knowledge that the business possesses that provides it with a competitive advantage. Weaknesses may be, for example, financial or managerial difficulties that prevent the business from achieving optimal performance. As mentioned above, opportunities and threats occur in the external business environment. The former can be utilised favourably by management to help achieve growth and profitability, while the latter can impede this from happening (Cant & Van Heerden, 2018:51,52).

A SWOT analysis also establishes a clear position from which to determine future strategic options (Evans, 2015:241), and therefore allows for the building of a competitive advantage and favourable position (Hiduke & Ryan, 2013:136). According

to Foskett *et al.* (2016:333), management should conduct a SWOT analysis every three months. David and David (2015:190) assert that management and staff should isolate and prioritise the most important 10 to 20 strengths and weaknesses of the business in relation to the management, marketing, finance/accounting, production/ operations, research and development and management information systems.

Figure 3.21 below shows examples of SWOT factors that are applicable to caterers.

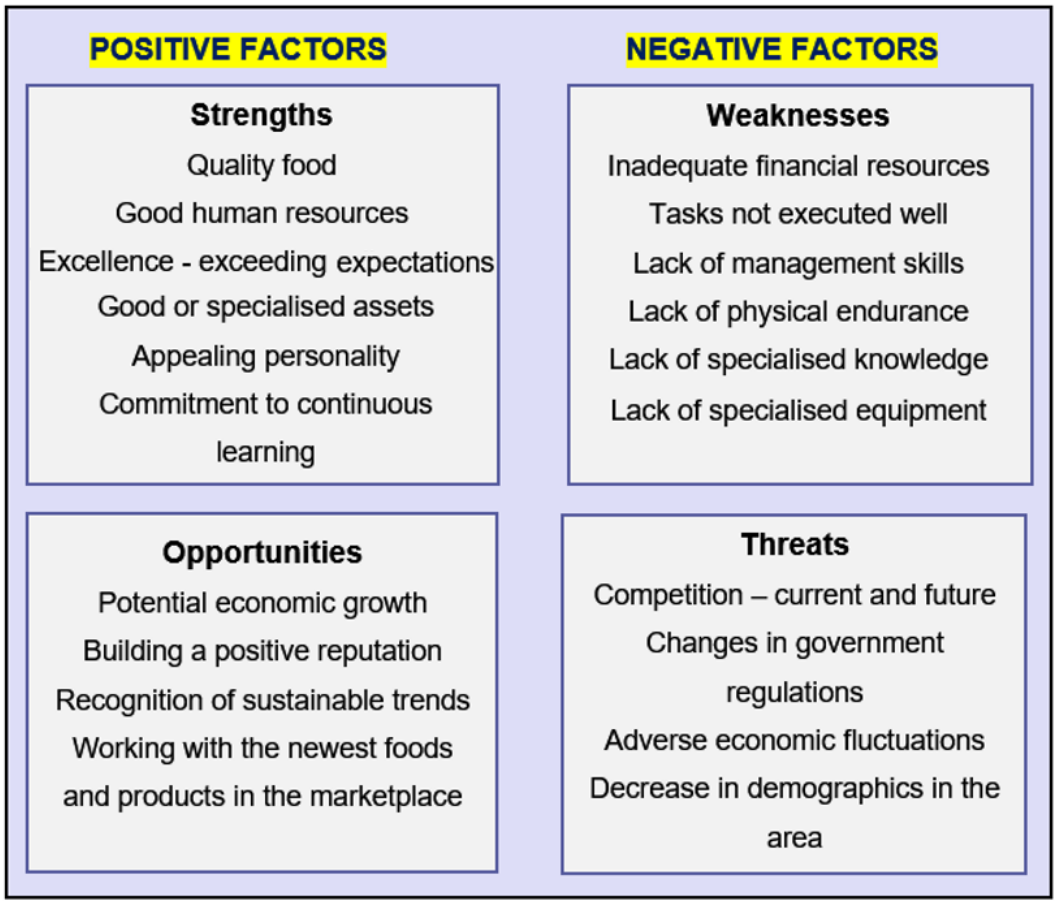


Figure 3.21: SWOT factors applicable to caterers

Source: Shiring, 2014:63-69

As can be seen from the figure, many of the factors listed are applicable to all types of organisations. However, relating some factors to SMMICs particularly, indicates that quality food and an appealing personality, as well as building a positive reputation are important factors. Additionally, SMMICs need to guard against tasks not executed well and lack of specialised knowledge, and they should be aware of threats from competitors and adverse economic fluctuations.

In this study, the researcher will attempt to determine the strengths, weaknesses, opportunities and threats of SMMICs in Cape Town, South Africa, specifically.

3.7 CONCLUSION

The chapter focused on the business environment of SMMICs, namely, the micro environment, the market environment and the macro environment. In each of the environments, the most pertinent factors which affect SMEs and SMMICs, in particular, were discussed within the context of the SWOT analysis.

The next chapter discusses the methodology that was used to conduct the research.

CHAPTER 4:
RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter presents a discussion of the research methodology of the study. The primary objective of the research, as a guide to the purpose and aim of the study, will first be outlined. After that, the conceptual framework of the research will be briefly explained. Next, the eleven components of a research process model will be examined. These include the research design, and data collection and analysis. The chapter concludes with a short discussion of research ethics.

The primary objective of this study is to determine the key factors in the business environment that impact on small, medium and micro independent caterers (SMMICs) in Cape Town. The secondary objectives linked to the main objective are outlined in Section 4.3.2 (Step 2) of the research process.

4.2 CONCEPTUALISATION OF THE RESEARCH

As the theoretical basis of quantitative research, a conceptual framework needs to be outlined (Bryman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt, Wagner, 2014:11). For the purpose of this study, Figure 3.3: The business environment of SMMICs (see Chapter 3) was used as the conceptual framework. The figure outlined the three dimensions that constitute the business environment of the SMMICs, namely, the micro environment, the market environment and the macro environment. These environments were explained in detail in Chapter 3. A further theoretical basis for the study was provided in Chapter 2, where SMMICs in Cape Town, as part of the South African hospitality industry, were discussed.

4.3 THE RESEARCH PROCESS

The research process entails the observance of certain guidelines and the following of a ‘standard sequence of steps’. This ensures trust and confidence by researchers in the results obtained by other researchers. The steps may be presented in various forms but all follow the same basic structure (Salkind, 2018:16). A model of the

research process is presented below in Figure 4.1. The steps in the model will be explained in detail in the sections that follow.

Figure 4.1: The research process

Source: Lamb *et al.,* 2015:172

4.3.1 Step 1: Identify and define problem

The first step in the research process refers to identifying and defining the problem (Lamb *et al.*, 2015:172). As was discussed in Chapter 1 (Section 1.3), SMEs/SMMEs in South Africa, and indeed worldwide, face various obstacles and challenges. As was further indicated, SMMICs as part of the SMEs/SMMEs, are subject to these challenges, as well as those uniquely experienced in the food and beverage industry.

With, as previously indicated, very little research having been conducted on caterers in South Africa, the research question therefore is to determine what the significant challenges are that SMMICs in Cape Town experience in the business environment. Thus the research aims to investigate the factors in the business environment (micro, market and macro) which impact on SMMICs in Cape Town, as well as determining the strengths, weaknesses, opportunities and threats which they experience.

4.3.2 Step 2: Develop research objectives

The purpose for the development of research objectives is to ensure that the problem will be resolved. They also serve as a check on the relevance of the instruments of measurement used, such as questionnaires. They are further used to assess the results of the analysis of the data (Lamb *et al.*, 2015:173).

As stated previously, the main objective of this research study is to determine the key factors in the business environment that impact on SMMICs in Cape Town.

The following secondary objectives were formulated for the study:

- To analyse the micro environment of SMMICs in Cape Town
- To analyse the market environment of SMMICs in Cape Town
- To analyse the macro environment of SMMICs in Cape Town
- To identify strengths, weaknesses, opportunities and threats (SWOT) in the business environment of SMMICs in Cape Town.
- To determine the relationships between the micro, market, and macro business environment factors and functional dimensions, respectively.
- To determine if differences exist between the categories of different demographic and company variables with regard to the business environment factors and functional dimensions.

4.3.3 Step 3: Select research design

The research design sets up a framework for all the procedures that will be carried out in the study to obtain the desired information. It includes aspects, such as determining the method of research, the measurement techniques, and the plan for data analysis (Malhotra 2020:35).

Figure 4.2 below details the various descriptors of research design. Each of these eight descriptors, as relating to this study, are discussed below.

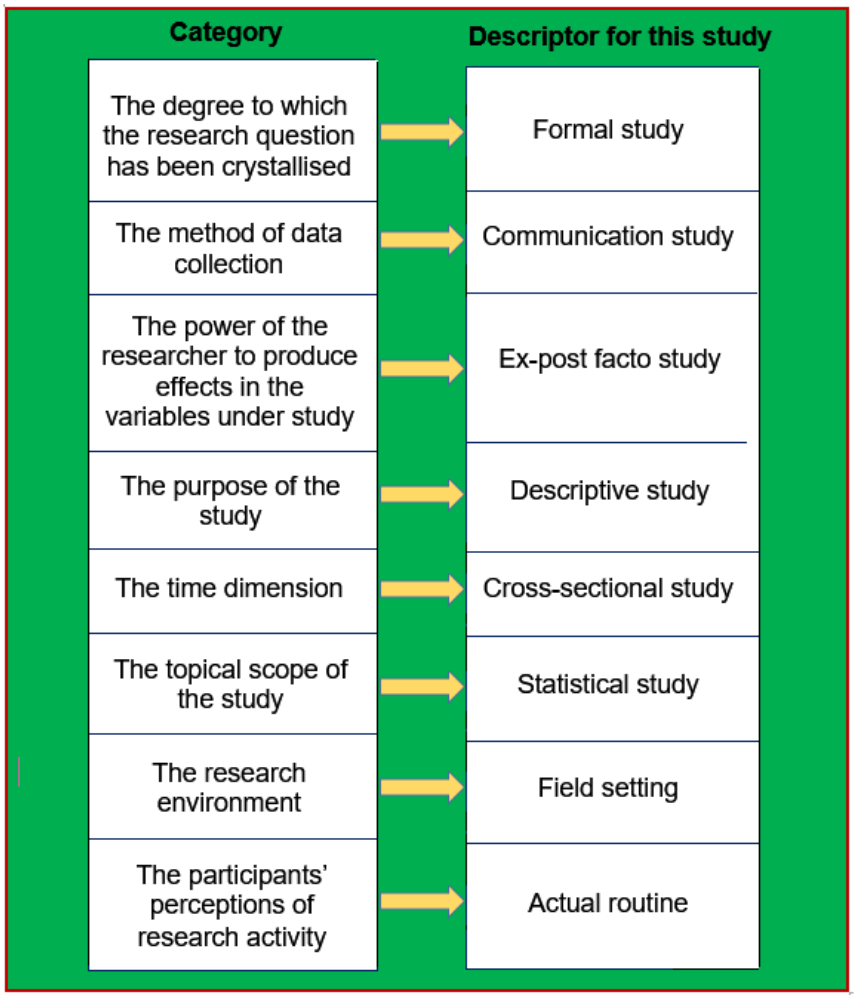


Figure 4.2: Descriptors of the research design

Source: Adapted from Blumberg, Cooper & Schindler, 2011:148

4.3.3.1 The degree to which the research question has been crystallised

The most appropriate study is dependent on the stage or level to which knowledge has been obtained on the subject matter. Studies range from exploratory to descriptive and causal studies. Exploratory research is conducted when not much information is available about the current situation. Descriptive research, also called correlational research, describes the various features of a situation as it exists, and this is where the relationship between various variables is determined (Sekaran & Bougie, 2016:43-44).

The term 'formal study' is also used for descriptive research, including the hypotheses or research questions, and it follows specific procedures and specifications of sources

of data (Blumberg, Cooper & Schindler, 2014:166). Causal studies seek to obtain confirmation about cause-and-effect relationships, that is, the effect of one variable upon another variable (Malhotra 2020:101).

In terms of the present study on SMMICs in Cape Town, as it is factual in nature and determines the relationship between the factors in the business environment and their impact on SMMICs, it has been identified as a descriptive or formal study in nature.

4.3.3.2 The method of data collection

The method of data collection depends on the procedures used by the researcher to get the required information. For example, there is monitoring, where activities are noted by the researcher without him or her interacting directly with the subject. A communication study, however, requires some form of interaction by the researcher with the respondent. It includes questioning, using methods such as interviews, telephone and emails and collecting responses (Blumberg *et al.*, 2014:204).

The current study is termed a communication study, since it required that the respondents, as owners or managers of SMMICs in Cape Town, be contacted by the researcher to take part in the research. Subsequently, questionnaires (link to an online survey) were emailed to the owners/managers and their responses collected and recorded.

4.3.3.3 The power of the researcher to produce effects in the variables under study

Some types of research studies, such as causal and experimental studies, require the researcher to take a fairly active role in the manipulation of various variables, while in other studies, such as a correlational study, the researcher has minimal involvement in the operations of the system being studied and his or her role is limited to the survey or interview being conducted (Sekaran & Bougie, 2016:99).

Also termed ex-post facto design, it is essential that the researcher's role is confined to establishing the correct sampling, determining the statistical findings, and in not influencing the variables in any way (Blumberg *et al.*, 2011:148). In this ex-post facto study on SMMICs in Cape Town, the role of the researcher was minimal in that there was very little interference by the researcher in the activities and operations of the SMMICs. The researcher only required the owners/managers of the SMMICs to complete an online survey.

4.3.3.4 The purpose of the study

Following the explanation of descriptive and causal studies in Section 4.3.3.1 above, it is important to note further that the difference between the two lies in their objectives. The purpose of descriptive research is to describe something, such as functions or characteristics. In the process, the 'who', 'what', 'when', 'why' and 'how' of the research is answered. As stated earlier, the purpose of causal research is to find evidence of a cause-and-effect relationship between variables (Malhotra 2020:96,101).

Quantitative research presents results as numbers or as quantities which are usually expressed in statistical analysis. Qualitative research, on the other hand, presents results in words which are expressed in the identification of various themes (Patten & Newhart, 2018:22).

This study is descriptive in nature and consists of a quantitative study which seeks to identify the pertinent factors in the business environment that affect SMMICs in Cape Town. Because of the factual nature of the study, quantitative research is best suited for the research design.

4.3.3.5 The time dimension

The time dimension refers to the time period over which data is collected. Cross-sectional data (or studies) are those collected from different individual units in the same time period. When data is collected over a period of time to ascertain changes that may have occurred, it is referred to as time-series data or a longitudinal study (McEvoy, 2018:5).

The current study is a cross-sectional study, in that the owners/managers of SMMICs in Cape Town were surveyed at one period in time to determine the impact of the micro, market and macro environments on their businesses. Data collection took place in the months of March and April 2018.

4.3.3.6 The topical scope of the study

Regarding the topical scope of the study, a decision has to be made regarding the selection of the research strategy that will best suit the study. Various research strategies exist, such as cross-sectional designs (for example, social surveys, structured observation, content analysis), longitudinal designs, case study designs and comparative designs (Bryman *et al.*, 2014:100). A distinction is also made

between non-experimental research (descriptive, historical, correctional, qualitative) and experimental research (true experimental, quasi-experimental) (Salkind, 2018:20). There are also other strategies, such as grounded theory (procedures that develop derived theory from the data), action research (initiation of change process) and mixed methods (for example, a combination of qualitative, exploratory as well as experimental methods) (Sekaran & Bougie, 2016:98).

The research strategy that was used in this research was survey research. In survey research, objectives are clarified, a sample is identified, a method defined and data collected, coded and scored (Salkind, 2018:163-164). It is also referred to as a statistical study, as the data is subjected to statistical analysis and inferences about the population are made, based on the information obtained from the sample (Blumberg *et al.*, 2011:149).

4.3.3.7 The research environment

The study setting or research environment can be classified as contrived (also called field experiments) or non-contrived (also called field studies). Most causal research takes place in contrived settings, while correlational studies take place in non-contrived settings (Sekaran & Bougie, 2016:100).

The present research involved a field study which took place in a non-contrived setting and determined the situation of SMMICs in Cape Town as they are affected by factors in the business environment.

4.3.3.8 The participants' perceptions of research activity

There are a number of levels in which the participants in a research study can perceive the way in which the study is conducted. For example, they may detect no change in their daily routine. Alternately, they may detect some deviations but see no link to the research. Finally, they may detect deviations and see them as caused by the researcher. It is important for the researcher to be aware of the perceptions of participants as it can have an impact on the outcome of the research in various ways (Blumberg *et al.*, 2011:150).

In terms of this study, it is evident that the participants, the owners/managers of the SMMICs, did not perceive any deviations from their daily or actual routine as their participation was limited to filling in a questionnaire.

The subsequent steps in the research process will now be discussed, commencing with Step 4, conducting secondary research.

4.3.4 Step 4: Conduct secondary research

Before commencement of the research, an inspection and assessment of the literature that has been published on the topic to date, first has to be undertaken. The literature is scholarly in nature and is found in academic journals, books, dissertations and other similar works (Faulkner & Faulkner, 2019:52). A literature review also presents the research design and methods that have been used in a particular study, as well as the results obtained (Blumberg *et al*., 2014:90).

The literature review is written after a review of secondary data. Secondary data is available data that has already been collected in the past. There are various sources of secondary data, such as data from previous research, online data, government publications, and case studies (Sekaran & Bougie, 2016:39).

For the purpose of the present study, a literature review was conducted for the purpose of obtaining pertinent information about SMMICs. As the aim of the research is to determine the impact of environmental factors on SMMICs in Cape Town, it was important to determine the positioning of SMMICs in the hospitality industry, and to determine the impact of the micro, market and macro environments on SMMICs in general.

The literature review was presented in two chapters. In Chapter 2, the South African hospitality industry, the food and beverage sector, the catering segment of the food and beverage sector and various aspects pertaining to SMMICs were investigated as a background to the study. Chapter 3 analysed the micro, market and macro environments of SMMICs.

4.3.5 Step 5: Select primary research method

This research study obtained primary data through the use of a survey, specifically, through the use of self-completion questionnaires. Primary data is directly derived from the research that has been undertaken (Salkind, 2018:47). Step 5 in the research design entails the selection of the primary research method. In surveys, data is collected through structured interviews, observation or self-completion questionnaires (Bryman *et al.*, 2014:32). These methods are discussed below.

4.3.5.1 Interviews

Interviews can be conducted face-to-face, via the telephone (Gliner, Morgan & Leech, 2017:230) or using electronic media and computer-assisted interviews (Sekaran & Bougie, 2016:120). There are various types of interviews, such as structured interviews, semi-structured interviews, unstructured interviews, qualitative in-depth interviews and focused interviews.

In quantitative research, use is made of structured interviews. These consist of asking the same standardised questions to all the respondents and recording the answers (Bryman *et al.*, 2014:216-217). Structured questions are clear and logical to both interviewer and interviewee, and require specific and unambiguous answers (Salkind, 2018:161).

Interviews were not suitable for use in this study. This is primarily due to the SMMICs being spread out in a wide geographic area, the time and expense involved in doing face-to-face interviews and also the lack of resources to do so.

4.3.5.2 Observation

Observation can be conducted in various ways. For example, there is direct observation, where the participants in a study are directly observed by the researcher and their behaviours recorded, or indirect observation, which takes place through questionnaires or interviews. Observations can take place in natural or controlled settings (Gliner *et al.*, 2017:219-220). They can be structured (quantitative and detailed) or unstructured (associated more with qualitative research) and can also range from non-participation of the researcher to full participation by the researcher in the activities of the study participants (Williamson & Johanson, 2018: 407-412).

The observation method is not applicable in this research study and was not used.

4.3.5.3 Questionnaires

A questionnaire is “a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives” (Sekaran & Bougie, 2016:142). Questionnaires can be self-completed (using the internet, SMS, postal or delivery and collection methods) or researcher-completed (using telephonic or face-to-face methods). Internet questionnaires are accessed through a web browser using a hyperlink (Saunders *et al.*, 2019:506).

Internet questionnaires were used in this research and were set up by using the online survey tool, LimeSurvey.

There are various advantages and disadvantages of self-completion questionnaires. Some advantages are that they offer convenience and anonymity to participants, avoid interviewer bias, offer a low-cost alternative, if compared to interviews and allow for comparative ease of analysis. The disadvantages include low response rates, possible misunderstanding of questions by respondents, no opportunity for elaboration of answers, and no control over how and when questionnaires are completed (Williamson & Johanson, 2018:381-383)

There are various guidelines for questionnaire design. These include the types, wording, order and flow of questions, the coding of responses, as well as the visual presentation of the questionnaire (Saunders *et al.*, 2019:519-534). Further important aspects to be considered when designing questionnaires are depicted in Figure 4.3 below.

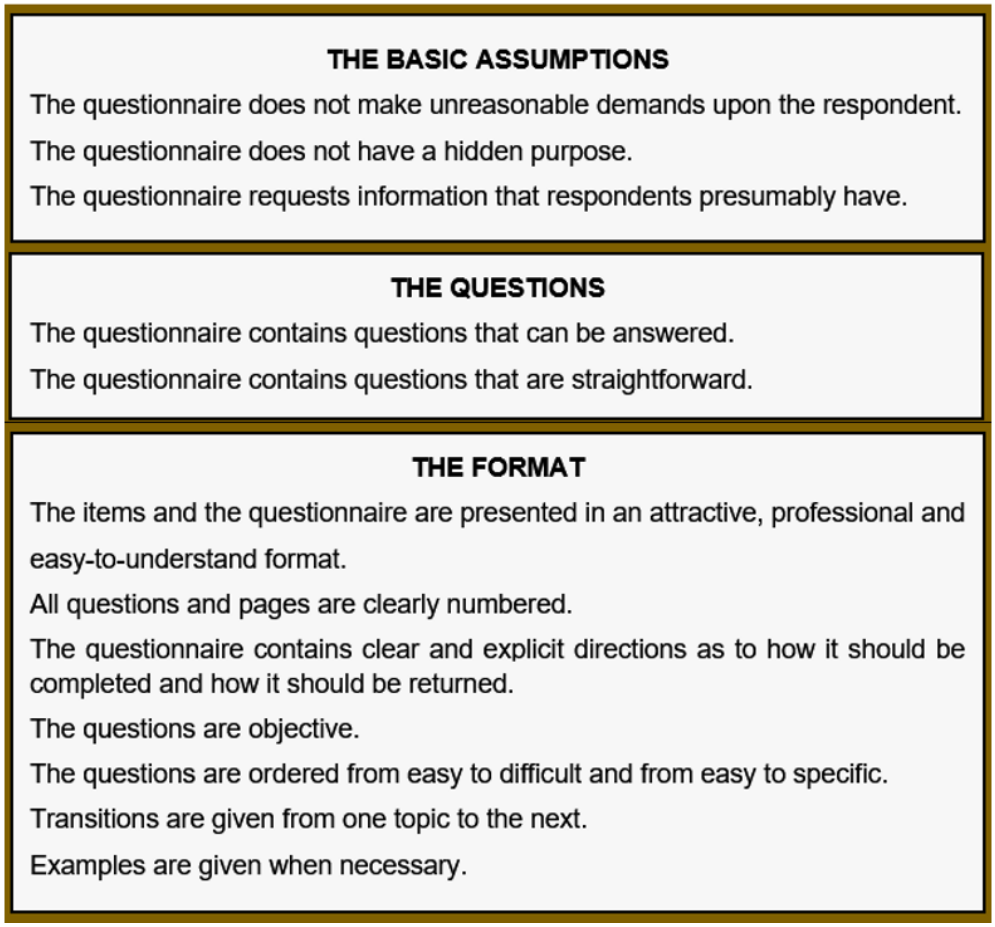


Figure 4.3: Important aspects in the design and use of questionnaires

Source: Salkind, 2018:124

There are various types and forms of questions. For example, there are open-ended questions that respondents may answer any way they please. The advantages of these questions are that unusual responses may result, or new areas or ideas may be suggested. Some disadvantages are that they necessitate a greater level of effort and time from respondents. They are also time-consuming to code.

There are also closed questions which present respondents with a choice between set alternatives. The advantages of closed questions are that respondents are able to respond quickly, answers are easy to process, and the comparability of answers is enhanced. Some disadvantages of closed questions are that interesting or spontaneous answers of respondents may be lost, it is difficult to cover all possibilities, and there may be differences in the interpretation of a question (Bryman *et al.*, 2014:199-201).

The questionnaire in this research made use of close-ended, as well as open-ended questions. There are various rating scales according to which questions can be structured, for example (Gliner *et al.*, 2017:224):

- Dichotomous scales require a yes or no answer.
- Category scales have various categories or items from which a choice must be made.
- Semantic differential scales have options at opposite extremes of the scale, for example, ‘weak’ __ ‘strong’.
- Numerical scales have numbers added (five or seven-point scale).
- Likert scales are used to measure the attitudes of respondents, for example whether they strongly agree, agree, are undecided, disagree, or strongly disagree with a statement.

The present study used dichotomous, category and Likert scales. Further details of the questionnaire used in this research are discussed below.

The development of the questionnaire

The questionnaire (Appendix C) was custom-designed by the researcher, with the aid of various academic resources on questionnaires, examples of other questionnaires, as well as advice and guidance from the supervisor and statistician. The questions were based on relevant sections in the literature review and were also linked to the

various objectives of the study. Likert scales were used as far as possible, in order to provide more nuanced answers. Various Likert scale options were considered, and the one that referred to the extent of application (not at all, always) was found to be the most suitable. Dichotomous scales and category scales were used for factual options.

The questionnaire was designed for ease of self-completion by the respondents. Questions were set out clearly in English, were understandable, and examples were given, where appropriate, for further clarification.

There were five sections in the questionnaire. These covered the firmographics of the SMMICs, the demographics of the respondents, as well as the factors in the three environments (micro, market and macro) that have an impact on the SMMICs.

Further information on the questionnaire is shown in Table 4.1 below.

Table 4.1: Details of the questionnaire

Category	Objectives addressed	Item numbers	Detail of Questions	Types of questions
Firmographics	To obtain information on the characteristics of the SMMICs	1-10	Location, Size, Employee numbers, etc.	Dichotomous, Category scales Open-ended
Micro environment	To determine the factors in the micro environment that have an impact on the SMMICs	11.1 - 11.3 12.1 - 12.9 13.1 - 13.14	Vision, mission, objectives of the SMMICs Qualities of the owner/manager Functional areas and resources	Dichotomous Likert Scales Likert Scales
Market environment	To determine the factors in the market environment that have an impact on the SMMICs	14.1 - 14.4 14.5 - 14.8 15.1 - 15.5 16.1 - 16.5	Customers Competitors Suppliers Intermediaries	Likert Scales Likert Scales Likert Scales Likert Scales
Macro environment	To determine the factors in the macro environment that have an impact on the SMMICs	17.1 - 17.17 18	Socio-cultural Technological Economic Physical Political-legal, International factors Any other factors	Likert Scales Open-ended
Demographics	To obtain information on the characteristics of the respondents	19 – 22	Role or position Number of years in the position Gender Age	Dichotomous, Category scales Open-ended

4.3.6 Step 6: Determine sample frame

This section discusses the target population and the sampling design.

4.3.6.1 The target population

The population refers to the entire group of potential participants to which the results of a study would be generalised (Salkind, 2018:85).

The population in this study were all the SMMICs in the greater Cape Town area. The delineation of the greater Cape Town area is indicated by key towns on the perimeter. These include Muizenberg, Simon's Town, Noordhoek, Hout Bay, City Centre and surrounds, Bloubergstrand, Durbanville, Paarl, Stellenbosch, Gordons Bay, Strand, Somerset West and Mitchells Plain.

The keywords for conducting a Google search for caterers were the following: "caterers Cape Town", "food caterers Cape Town", "caterers Cape Town Facebook", catering companies Cape Town", "catering companies Cape Town Facebook", "caterers Cape Town Yellow pages", "catering companies Cape Town Yellow pages", "food caterers Cape Town".

The keywords for conducting a Facebook search for caterers were the following: "catering services Cape Town", "food and beverage company Cape Town", "food caterers Cape Town."

Other searches were conducted on Snupit with the keywords "catering services Cape Town", and on Instagram, with the keywords "caterers Cape Town."

These searches yielded the names of 403 catering businesses. The researcher checked the addresses on the websites and/or telephone numbers to ensure that the location of all the SMMICs contacted fell within the geographic boundaries specified above.

4.3.6.2 Sampling design

Sampling is the selection and study of a smaller group, as a representative of the bigger population of that group (Faulkner & Faulkner, 2019:99). The sample should be representative of the population as far as possible so that the results obtained from the research can be applied to the whole population. The two main sampling strategies are probability sampling and non-probability sampling. With probability sampling, each

member of the population has the potential of being selected. With non-probability sampling, it is not known whether any one of the population has the chance of being selected (Salkind, 2018:36, 86).

An example of non-probability sampling is convenience sampling. Convenience sampling is collecting and using data from whichever subjects are conveniently available (Faulkner & Faulkner, 2019:106). The advantages of convenience sampling include easy accessibility and measurability of sampling units and being less expensive and time-consuming than other sampling techniques. However, the disadvantages are selection bias and not being able to generalise findings to a bigger population (Malhotra, 2020:363).

Convenience sampling was selected for this research. The reasons were that it would be relatively easy to find SMMICs online and to contact the owners/managers. Furthermore, sending them emails with the link to the survey would take minimal effort at little cost, as would the subsequent retrieval of the data. Convenience sampling would also suit the time frame for the research.

In total, 403 SMMICs were contacted via telephone or email, with the intent to request participation in the research. Of these, 253 were active, while 150 appeared inactive, as there was either no reply to phone calls or emails, or the response was that they were no longer in operation.

To ensure that there was a clear understanding about what the research entailed, those who responded positively were subsequently sent an email which included a participant information sheet and an informed consent form (see Appendix B) as well as the link to the questionnaire (online survey).

4.3.7 Step 7: Conduct pre-test

The objective of the pre-testing or pilot testing of questionnaires is to make any necessary changes and improvements so that there will be no difficulties with the respondents filling in the questionnaire and also when the data is recorded. In pre-testing, aspects such as the suitability, structure and validity and reliability of questions and data are reviewed (Saunders *et al.,* 2019:540).

In this research, a pilot study was conducted on four SMMICs. Three slight adjustments were made to the questionnaire after the pilot test. As the changes were minor, the caterers in the pre-test were included in the sample.

4.3.7.1 Ethical considerations

In order to adhere to the ethical standards as set by UNISA, the questionnaire was examined by members of the ethics committee comprised of senior academics in the Department of Business Management at UNISA.

4.3.8 Step 8: Collect data

The collection of the data was done in the following way:

- Telephone calls were made to the SMMICs and a request was made to speak to the owner or manager. In a few instances, contact was via email if the telephone call went unanswered.
- The researcher briefly explained the purpose of the research and made a request for participation or for a decision to be made once the subsequent email with the details was received.
- If there was agreement, an email was sent with the relevant information, as well as the link to the online questionnaire. The link led to an online survey (LimeSurvey, version 3.23.1) which was administered by the Information and Communications Technology (ICT) department at UNISA on behalf of the researcher. This included the scripting and setting up of the survey from the questionnaire.
- The instruction to press the 'Submit' icon was at the end of the survey. This sent the surveys to a Structured Query language (SQL) database at the ICT department that automatically captured the responses.
- Data was collected over two months (March and April 2018), which allowed for a large number of SMMICs to be contacted. Reminder emails and/or follow-up calls were generally made weekly.
- At the end of the survey, the data was exported and SPSS and Excel databases of the results were compiled by the statistician.
- Of the 253 active SMMIC caterers contacted, 122 surveys were submitted. Of these, 10 were unusable, as five were not filled in and five were completed by

someone other than the owner or manager. The total number of valid participants was thus 112.

4.3.9 Step 9: Process data

In Step 9, the collected information is quantified and transformed into data (Bryman *et al.*, 2014:32). Before data is entered into a data file or spreadsheet, the researcher needs to ensure that the data is clear, complete and accurate. Thereafter, the coding process can commence (Gliner *et al.*, 2017:259).

4.3.9.1 Coding data

Data collection forms can be constructed to collect the raw data before coding is done. The advantage of these forms is that chances of errors occurring are minimised. These can be separate forms, or the questionnaires can be constructed in such a way that the data can be taken directly from there into the program which will do the analysis.

Data is coded when it is transcribed from a collection form into a format suitable for data analysis. Numbers are used, rather than words as this saves entry time and is more exact. The most important aspect in coding data is that the codes used must be as clear and explicit as possible (Salkind, 2018:131). A code book or coding manual can be constructed which provides clear rules on how the codes should be explained and defined (Saunders et al., 2019:573).

4.3.9.2 Data entry

Data is entered onto coding sheets or directly into a computer database if collected via the internet. In the latter case, the data is entered using computer packages such as EXCEL or SPSS Data Editor (Malhotra 2020:439,443).

In this study, use was made of electronic surveys, where the responses (data) were entered directly into an Excel spreadsheet in UNISA's computer database. The software program, SPSS Data Editor was used to enter the data.

Due to the relatively small sample size (112), the data was placed into sub-groups to obtain a critical minimum sample size per group. This was done with regard to age group (18-30, 31-40, 41-50 and 51+), number of years in the position (1-4, 5-10, 11+) and number of years the business has been in operation (1-4, 5-12, 13+).

Question 18 was an open-ended question where respondents were asked to state factors which currently have a significant impact on their business. The answers were linked to six different variables in the business environment, and a numerical code was allocated to each as follows: 1-Government-related 2-Economy/Economic, 3-Environmental issues (macro environment), 4-Internal factors (micro environment), 5-Competition-related, and 6-Customer-related (market environment). The coding allowed for the question to be analysed quantitatively.

4.3.9.3 Editing of data

Care must be taken to check the survey data file before data analysis. Problem data, such as duplicate and incomplete responses, coding errors and illogical answers, must be removed (Williamson & Johanson, 2018:189).

In this study, the data was checked for inconsistencies and corrected. For example, values were excluded where numbers did not add up to 100%. An example is seen with regards to the percentages derived from 'contribution to revenue' that indicated: budget events (5%), midscale events (10%) and upscale events (50%) with a total percentage of 65%.

The statistical software program, SPSS version 24 was used to analyse the data and to construct the original tables in this research study. Thereafter the tables were exported to MS EXCEL for further analysis using descriptive and inferential statistics. These, as well as the concepts of reliability and validity, are discussed below.

4.3.10 Step 10: Data analysis

4.3.10.1 Descriptive analysis

Data analysis commences with a description of the data. This is done through descriptive statistics which provides a description or summary of the basic features of the scores that have been collected. The distribution of scores is made up of two or more data points. It is useful to compare various distributions of scores. This is done through measures of variability and central tendency (Salkind, 2018:134).

With regard to variability, based on the number of variables involved, descriptive statistics could be univariate, bivariate, or multivariate (Patten & Newhart, 2018:203).

There are three major measures of central tendency, namely, the mean, median and mode. The means presents the average or the typical score of responses, while the

median refers to the central point of a set of numbers. The mode is the response that occurs the most frequently (Faulkner & Faulker, 2019:153-154).

The measures of central tendency are used in different situations. For example, the mean is used when data is described that is interval or ratio in nature. The median is used for ordinal or ranked data, while the mode is suited for nominal levels of measurement, such as data which is qualitative in nature (Salkind, 2018:135).

Measures of variability or measures of dispersion are also important as they describe how the data is dispersed around the central tendency. Frequently used methods are those describing the difference between the middle 50% of values (inter-quartile range), and those describing how far values differ from the mean (standard deviation), (Saunders *et al.*, 2019:601). The standard deviation is the square root of the variance, and establishes the average amount that each score varies from the mean of the set of scores (Salkind, 2018:138).

Descriptive statistics are also provided by frequencies. Frequencies describe the number of times that a certain phenomenon or variable occurs. The percentage, as well as cumulative percentage, of the number of times is also calculated (Sekaran & Bougie, 2016:279). Frequencies can be displayed by tables, bar charts, pie charts and histograms, as they are easy to interpret and understand. A frequency table gives information about the number of times and percentage occurrence of any type of variable in each of the categories depicted (Bryman *et al.*, 2014:11:318).

This study made use of the mean, median and standard deviation, as well as various frequency tables and figures in the descriptive analysis of the data. These are described in detail in Chapter 5.

4.3.10.2 Inferential statistics

Inferential statistics uses data from a sample to determine the characteristics of the population from which the sample was taken (McEvoy, 2018:55). Thus, inferential statistics are centred on probability, using a sample to make inferences about a population (Patten & Newhart, 2018:225).

The tests used for inferential statistics in this study are outlined below:

- Exploratory factor analysis and Categorical Principal Component Analysis (CATPCA) were used to identify the relationships in a large set of variables.

- The Pearson correlation coefficient test sought to identify relationships existing between pairs of variables.
- The non-parametric Kruskal-Wallis test and the parametric Student T-test for independent groups were used to test various hypotheses.

These tests are described in detail in Chapter 6.

4.3.10.3 Reliability and validity

Researchers should take care that the correct conclusions are made when doing research. Reliability and validity are two important assessment tools that help to ensure that this is the case (Salkind, 2018:100). Reliability refers to how consistent and stable a measurement is, while validity describes how accurately an instrument measures what it is intended to measure (Faulkner & Faulkner, 2019:92-93). Reliability and validity are inextricably linked, since a perfectly valid measure implies that it is perfectly reliable (Malhotra 2020:305). Both reliability and validity were ensured by the researcher during the research process of this study.

Reliability can be determined through different instruments, such as the test-retest reliability, inter-rater reliability, and parallel-form reliability (Patten & Newhart, 2018:141-142). There is also internal consistency that determines how well the items in a test produce unified results (Salkind, 2018:104). The lower the degree of 'error' in an instrument, the higher the reliability.

In test-retest reliability, respondents are administered the identical test instrument for a second time at a later stage, however, under identical conditions (Malhotra 2020:303). This measures the stability of a test over time (Salkind, 2018:103). In this study, a measure of test-retest reliability was undertaken as a pilot test was administered prior to the main survey.

Inter-rater reliability determines how consistent a measure is between various raters (Salkind, 2018:103). As there was only one researcher, this instrument was not used.

Another form of reliability is parallel-forms reliability or equivalence. This measure is used when a group of participants take part in the same test twice within a short period of time but using alternative or parallel test forms (Gliner *et al.*, 2017:188). As one set of questions was used in this study, this measure is not applicable.

Finally, there is internal consistency which is based on the correlations between the items constituting a construct. It thus confirms that a single concept or construct is being measured (Gliner *et al*., 2017:188). Reliability of the identified constructs in the study was measured through using the Cronbach Alpha coefficient, a measure of internal consistency.

With regard to the validity of the measuring instrument itself, several types of validity tests exist. These include content validity, criterion-related validity and construct validity (Sekaran & Bougie, 2016:220). Content validity determines the extent to which the instruments accurately cover the questions or concepts, while criterion validity determines the ability of the instruments to accurately predict present or future actions (Saunders *et al.*, 2019:517). In this study, regarding content validity, the questionnaire was evaluated for this by senior academics in the Department of Management at UNISA. Criterion validity does not apply to this study.

Construct validity determines how accurately instruments are created that measure observable behaviours, and thus, the underlying constructs (for example, intelligence, or anxiety) (Gliner *et al.*, 2017:202 205). This study did not use predefined constructs that had been used in studies before. The aim was rather to determine, by using exploratory factor analysis, whether meaningful groupings of items exist that form a factor. Thus, although exploratory factor analysis can be used to determine construct validity, if it was previously used instruments, it does not strictly apply to this study.

Finally, external and internal validity need to be considered. External validity of research findings refers to the extent that the results can be generalised to other populations, settings and times, while internal validity determines the level of accuracy of the measuring instrument in measuring what is required. This involves an assessment of the independent and dependent variables (Malhotra, 2020:241). With regard to external validity, given the limitation of the sample of SMMICs being located within the Cape Town area, it is not foreseen that the results of this research can be spread to other populations. It is hoped, however, that some knowledge pertaining to all independent caterers in South Africa can be gained, in general. With regard to internal validity, the pilot study was useful in ascertaining whether the aims of the research were correctly realised.

4.3.11 Step 11: Develop and report findings and conclusions

The findings or results step involves explaining the data. With quantitative data, this takes place using tables, charts and graphics. Only the most pertinent data is included (Blumberg *et al.*, 2014:455). Thereafter, the conclusions close off the research study. The conclusions should ensure that the research questions and research objectives have been answered, that the main findings of the research are presented, that a reflection is made on the research process itself, and finally, that suggestions for future research are made (Saunders *et al.*, 2019:720).

The findings and conclusions should be presented in a well-structured and understandable manner (Sekaran & Bougie, 2016:361). They should also be convincing with regard to their importance and validity. Finally, it is noted that, since these findings and conclusions will be published, they form part of theory, hence, the feedback loop depicted in the model (Bryman *et al.*, 2014:11:32-33).

The data findings of this research are discussed at the end of Chapter 5 (Descriptive analysis) and Chapter 6 (Inferential analysis), while the conclusions are discussed in Chapter 7.

4.4 RESEARCH ETHICS

Ethical practice in research indicates the avoidance of any dishonest behaviour, such as plagiarism and the falsification or fabrication of results. It also implies ethical behaviour beyond the ethical approval of the project, continuing throughout the data collection, analysis and output processes (Brough, 2019:37-38).

A framework for research ethics should include the principle of respecting human dignity, and should actively maximise the benefits to the research participants, while minimising any possible harm or risks. It should also ensure that participants are able to make voluntary decisions about their decisions to participate in the research and to withdraw at any point without being prejudiced (Nortjé, Visagie & Wessels, 2019:231-234). Institutions where research is conducted commonly have ethics review committees which ensure matters such as the rights and privacy of participants, as well as the safeguarding of data (Patten & Newhart, 2018:34).

In this research study, an endeavour has been made to conduct the research in an ethical manner. As stated earlier, the research study was conducted subject to the

approval of the ethics committee comprised of senior academics in the Department of Business Management at UNISA (see Appendix A). In this context, the participant information sheet and informed consent form, and questionnaire were inspected. These are found in Appendix B and C.

4.5 CONCLUSION

This chapter discussed the research methodology that was used in this study. The research objectives were stated and the steps in the research process were discussed. Important aspects deliberated on in this regard were the research design, data collection and data analysis and interpretation. The chapter concluded with a short discussion of research ethics.

The next two chapters will focus on descriptive and inferential data analysis and interpretation.

CHAPTER 5:
DESCRIPTIVE DATA ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION

This chapter presents and discusses the results of the quantitative research carried out on the factors that impact on small, medium and micro independent caterers (SMMICs) in Cape Town. The purpose of the study is to enhance the understanding of the factors in the environment that impact on SMMICs in Cape Town.

The objectives of the study are addressed by drawing references to descriptive statistical analysis. The descriptive statistics aim to describe the demographic and firmographic composition of the sample, as well as to determine the impact of the micro, market and macro environments on the sample. In addition, the strengths, weaknesses, opportunities and threats within these environments are determined. The analysis commences with a discussion of the descriptive statistics in this chapter, while the inferential analysis will be discussed in the next chapter, Chapter 6.

5.2 DESCRIPTIVE ANALYSIS OF THE RESEARCH FINDINGS

The descriptive analysis is best summarised by the frequency tables which can be seen in Appendix D. These tables were constructed to show the numbers and percentages of the respondents that selected the various options presented to them. The statistical package IBM SPSS (version 24) was used to construct the original tables. The tables were then exported to MS EXCEL, after which the relevant graphics were constructed to illustrate the responses.

The descriptive analysis commences by presenting the ten questions relating to firmographics and the four questions relating to demographics. Thereafter, an analysis is done on the main body of the questionnaire. This is comprised of 62 questions which aim to determine the views and perceptions of the 112 respondents with regard to various factors in the business environment that have an impact on their businesses.

5.2.1 Firmographics

The respondents were asked to respond to the following ten questions with regard to firmographics.

1. The suburb or town that the business operates in.
2. The premises where the business is located – house or business premises.
3. The number of years that the business has been in operation.
4. The forms of promotion that the business engages in.
5. The category that the business falls in (as per the Catering, Accommodation, and Other Trade sector by the National Small Business Amendment Act, No 26 of 2003:8).
6. The number of full-time, part-time and seasonal employees.
7. The associations that the business is a part of.
8. The contribution to revenue derived from business, social and other catering.
9. The contribution to revenue derived from on-premise and off-premise catering.
10. The contribution to revenue derived from budget, midscale and upscale events.

Significant findings relating to these questions are discussed below with graphic representations, where appropriate. The frequency tables are presented in Appendix D.

5.2.1.1 Location

Only SMMICs located in towns and suburbs within the greater Cape Town area (as delineated in Chapter 3) were targeted in the survey. As stated, these included towns such as Bellville, Stellenbosch, and Paarl. The responses, according to the number of towns or suburbs indicated, are shown in Table 5.1 below.

Table 5.1: Location (n=112)

Name of town/suburb indicated	Only 'Northern suburb' indicated	Only 'Southern suburb' indicated	No location indicated
101	7	3	1

Most of the respondents (101) identified the specific town or suburb in which they operate: a total of 55 locations. Ten respondents indicated only that they operate in the northern suburbs (7) or the southern suburbs (3). One respondent did not specify any location. Further information on the towns and suburbs is provided in Table 7 in Appendix D.

5.2.1.2 House or business premises

The respondents were asked to indicate whether their SMMICs operate from business premises or from homes.

Figure 5.1 below depicts the distribution between the two options.

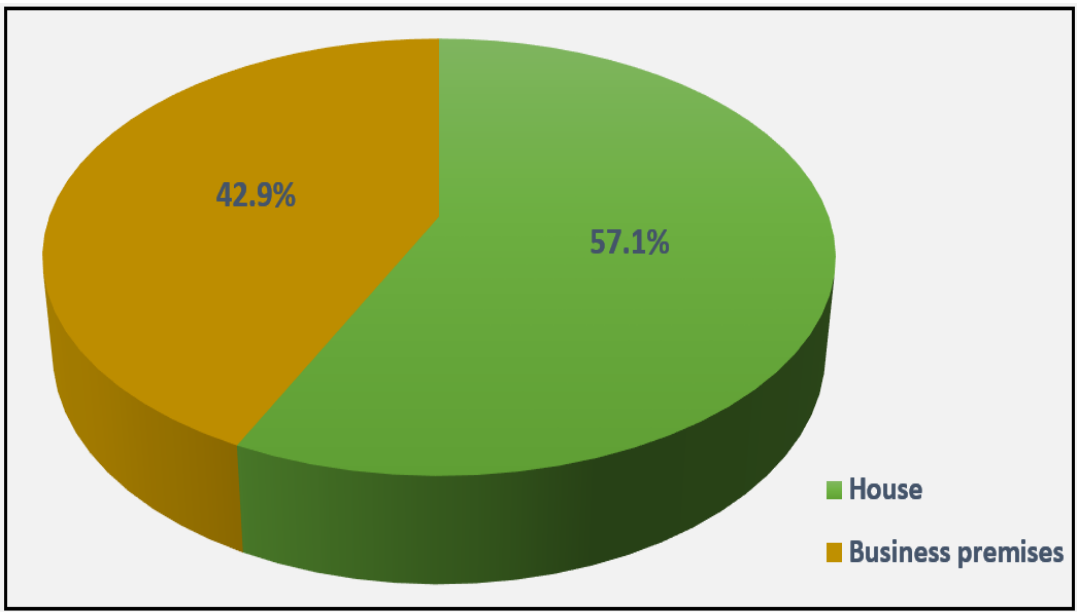


Figure 5.1: House vs business premises (n=112)

As the figure indicates, the majority (57.1%) of the SMMICs operate from homes, while 42.9% operate from business premises.

The higher percentage of home-based caterers could possibly be attributed to catering being the type of business that can easily be run from home, and that has relatively low start-up costs.

5.2.1.3 Number of years in operation

The number of years that the SMMICs have been in operation was grouped into three groups (1-4 years, 5-12 years and 13+ years), and the result is shown in Figure 5.2 below.

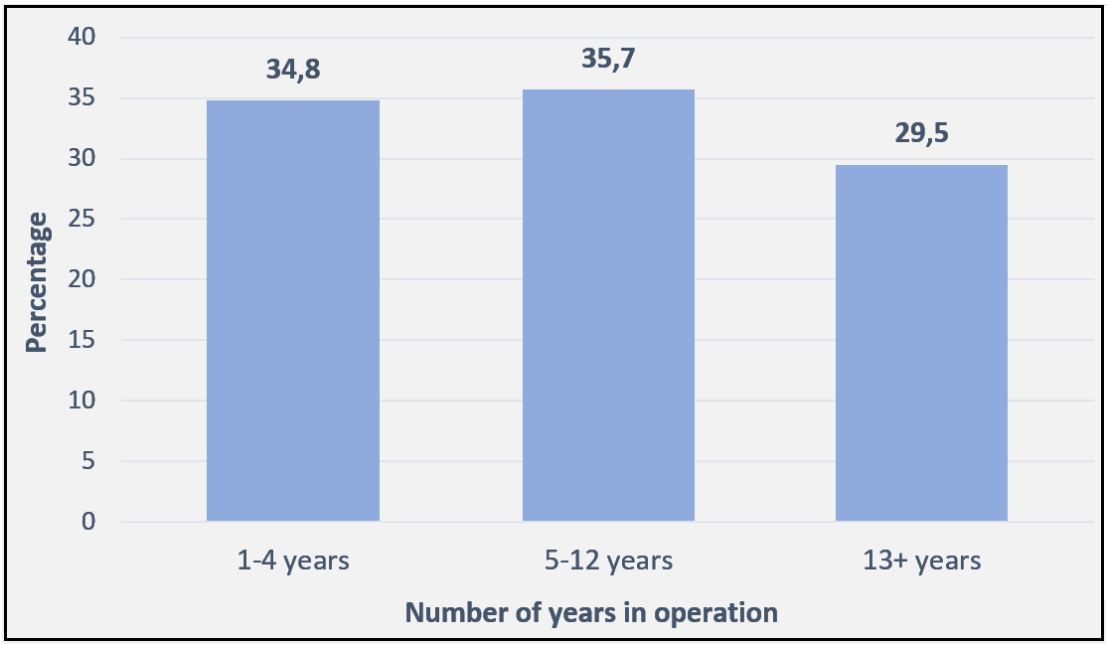


Figure 5.2: Number of years in operation (n=112)

The figure illustrates that 34.8% of the SMMICs in the sample have been in operation for 1 to 4 years, 35.7% for 5 to 12 years, while 29.5% have been in operation for 13 or more years. With fairly similar percentages (plus/minus a third of respondents in each category), shown in all the categories, it appears that this is an active industry with a continual stream of new entrants, as well as SMMICs that have been active in the medium to longer term. The minimum number of years a business has been in operation is 1 year and the maximum is 39 years. The average number of years in operation is 9.6 years.

5.2.1.4 Forms of promotion

The respondents were asked to select the forms of promotion their businesses make use of from the following three options: Facebook, an actively maintained website and online yellow pages. They could select more than one option, and could also select 'Other' in which case they were asked to elaborate further.

Their responses are shown in Figure 5.3 below.

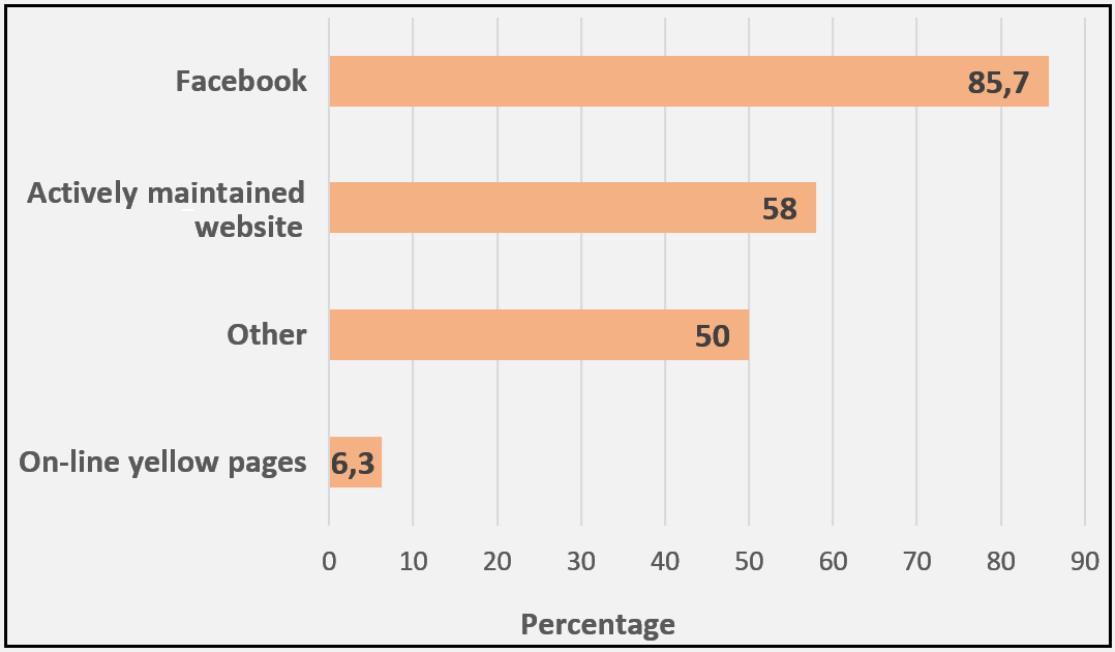


Figure 5.3: Forms of promotion (n=112)

As shown, the majority of the SMMICs (85.7%) are active on Facebook. This is understandably the most popular choice, as it is free and gives caterers a good platform on which to advertise and display photographs of their food and services provided. Fewer of the SMMICs (58.0%) have actively maintained websites, and although they are powerful promotional tools, they perhaps require too much effort and finance to maintain. A small number of SMMICs (6.3%) reported having a listing in the online yellow pages, probably due to it being an outdated form of promotion. A variety of other forms of promotion was indicated by 50% of the respondents. These included Instagram (13.4%), Word-of-Mouth (12.5%), Google Ads (4.5%), WhatsApp (3.6%), Gumtree (2.7%), as well as LinkedIn, Email, Newspaper, Twitter and Vehicle Branding.

5.2.1.5 Category of business according to size

The respondents were asked to indicate whether their SMMICs are small businesses or very small businesses. As indicated in Chapter 2 (Section 2.5.2), small businesses have a total annual turnover of less than R6 million and a total gross asset value (excluding property) of less than R1 million, and very small businesses have a total annual turnover of less than R5.10 million and a total gross asset value (excluding property) of less than R1.90 million, as per the criteria outlined by the Catering, Accommodation and Other Trade sector by the National Small Business Amendment

Act, No 26 of 2003 (p8). They were also given the option of 'Other' and asked for details in that case. There were 109 valid responses, as depicted in Figure 5.4 below.

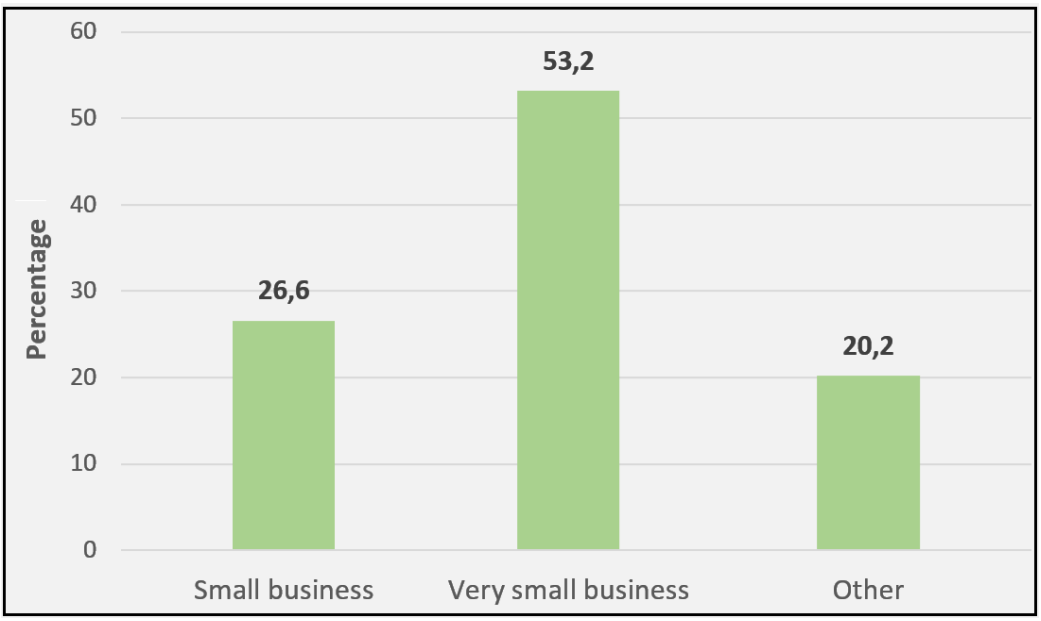


Figure 5.4: Category of business according to size (n=109)

According to the results, 26.6% of the SMMICs in the study are classified as small, 53.2% (just over half) as very small, while 20.2% fall under 'Other.' Medium-sized caterers are identified in this last category (about 10%), as well as micro caterers (about 10%).

5.2.1.6 Number of employees

The respondents were asked to indicate the numbers of full-time, part-time and seasonal employees in their businesses. The statistical mean, median and standard deviation were used to depict the results. These are shown in Table 5.2 below.

Table 5.2: Full-time, part-time and seasonal employees

	Full-time Employees	Part-time Employees	Seasonal Employees
Mean	5.3	9.8	9.2
Median	3.0	4.0	5.0
Standard deviation	6.5	21.4	9.9

In the case of full-time employees, missing values (9 across all 3 categories), as well as respondents who indicated zeros (22, 29 and 46, respectively) were excluded from the calculation of the averages. Indicating a zero (0) when considering full-time

employees could potentially indicate that the owner does not consider him/herself as an employee. Thus, it is assumed that the number of employees only reflect employees that are not the owner of the businesses.

The mean, median and standard deviations are indicated in Table 5.2. The mean value of the data indicated that, on average, the SMMICs have more part-time employees (mean = 9.8) than seasonal employees and full-time employees. The lower median values (3.0, 4.0 and 5.0) indicate that the mean value was influenced by a few high values, also evident in the values of the standard deviation. The standard deviation for part-time employees, in particular at 21.4, is quite large, indicating that there is a wide variation in the number of these employees employed by the various SMMICs.

5.2.1.7 Associations

There are no caterers' associations that exist in Cape Town, or anywhere else in South Africa. The two associations that caterers can join are the Federated Hospitality Association of Southern Africa (FEDHASA) and the South African Chefs Association (SA Chefs). They focus, however, on accommodation and chefs, respectively. Figure 5.5 below illustrates the percentage of the SMMICs that are members of these associations. The respondents could select one or more than one option.

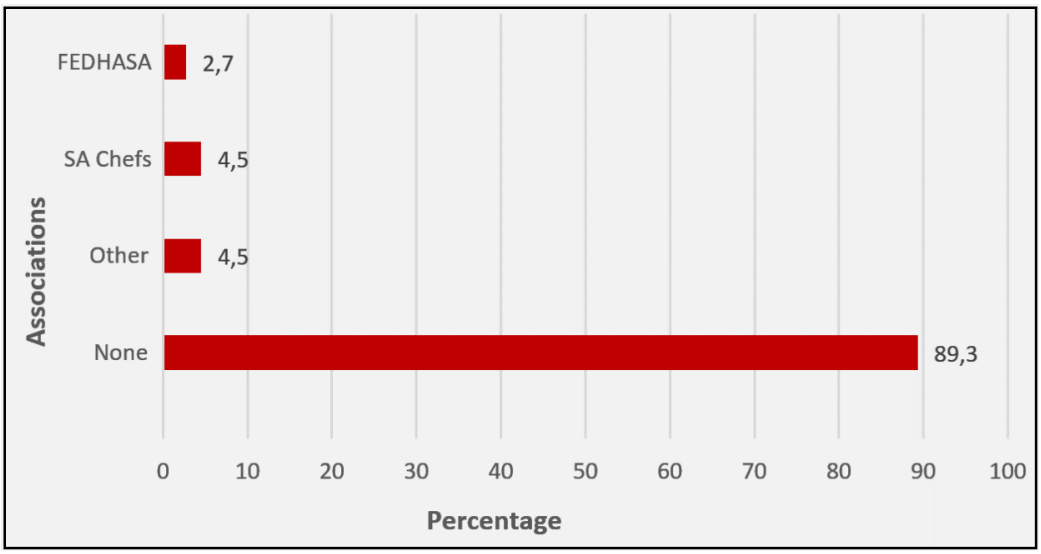


Figure 5.5: Associations (n=112)

As shown in the figure, the vast majority of SMMICs (89.3%) do not belong to any organisation. Three respondents (2.7%) are members of FEDHASA, while 5 respondents (4.5%) are members of SA Chefs. There were also 5 respondents (4.5%)

who selected ‘Other’. The respondents indicated various supplier, government and restaurant databases that they belong to.

5.2.1.8 Contribution to revenue from business catering and social catering

The respondents were asked to indicate the approximate contribution to revenue derived from catering for the business market, social market, and any other market. Table 5.3 depicts the results through the mean, median and standard deviation. Only those caterers whose responses (in percentages) add up to 100% have been used.

Table 5.3: Contribution to revenue from business catering and social catering

	Business Catering	Social catering	Other catering
Mean	42.1	52.3	6.1
Median	40.0	50.0	0.0
Standard deviation	30.1	29.9	18.9

From the data in the table, it is apparent that, on average, the SMMICs derive more revenue from social catering (mean of 52.3%) than business catering (mean of 42.1%). The high standard deviation for both business and social catering indicates that the SMMICs differ widely with regard to which of the two they focus on and derive revenue from. Those listed under ‘Other’ catering include the film industry, government, schools, conference venues, as well as pre-wedding functions and personal chef work (mean of 6.1%, median of 0%, standard deviation of 18.9%).

5.2.1.9 Contribution to revenue from on-premise catering and off-premise catering

On-premise catering comprises catering done on the SMMICs’ own premises, whereas off-premise catering comprises catering done at the location of the client’s choice.

Table 5.4 below depicts the contribution to revenue from these two categories, as indicated by the respondents. Only those caterers whose responses (in percentages) add up to 100% have been used.

Table 5.4: Contribution to revenue from on-premise and off-premise catering

	On-premise catering	Off-premise catering
Mean	47.1	52.9
Median	50.0	50.0
Standard deviation	39.3	39.3

As seen in Table 5.4, the mean (47.1% and 52.9%) and median (both 50%) of the two categories indicate an almost similar contribution to revenue from both sources. However, a high standard deviation of 39.29% exists for both on premise and off-premise caterers, indicating a wide spread of contribution percentages, which indicates that the range of contribution percentages for the mean ±1 standard deviation is between 7.8% and 86.4%.

5.2.1.10 Contribution to revenue from various types of events

The respondents were asked to state the contribution to revenue (in percentages) from budget, mid-scale and upscale events.

The results are depicted in Table 5.5 below and are shown by way of the mean, median and standard deviation. Only those caterers whose responses (in percentages) add up to 100% have been used.

Table 5.5: Catering for budget events, mid-scale events and upscale events

	Budget events	Mid-scale events	Up-scale events
Mean	30.2	44.8	26
Median	20.0	40.0	20.0
Standard deviation	28.9	26.9	27.1

The data shows that the majority of revenue is generated from midscale events (mean of 44.8%), while budget and upscale events are not too dissimilar (mean of 30.2% and 26%, respectively). However, a great degree of variance is evident, as can be seen from the values of the standard deviation in all three categories, which indicates that the SMMICs differ substantially in which type of event contributes the most to their revenue.

The next section deals with the demographical information of the respondents.

5.2.2 Demographics

The respondents were asked to respond to the following questions on demographics. The questions focused on:

1. their role or position in the business;
2. the number of years they have been in this role/position;
3. their gender; and
4. their age group.

The responses to these questions are indicated and discussed in the sections that follow.

5.2.2.1 Role or position in the business

The respondents were asked to select the role or position that they hold in the business. They could choose from: Owner, Owner who is also the manager, or Manager (full-time) with insight into the strategic planning of the business.

The results are shown in Figure 5.6 below.

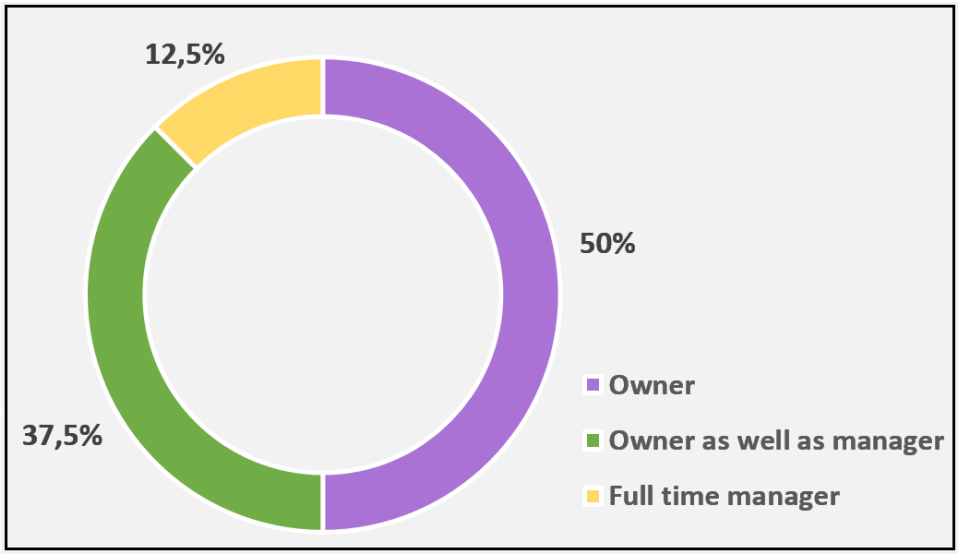


Figure 5.6: Role or position in the business (n=112)

The figure indicates that 87.5% of the respondents are the owners of the SMMICs and that 37.5% of these are also full-time managers. It is somewhat surprising that so many owners appear not to be involved in full-time management, given that these are SMMEs. Full-time managers who are not owners comprise only 12.5%.

5.2.2.2 Number of years in role or position

The participants were asked how long they had been in the positions listed in the previous question. Their responses are illustrated in Figure 5.7 below.

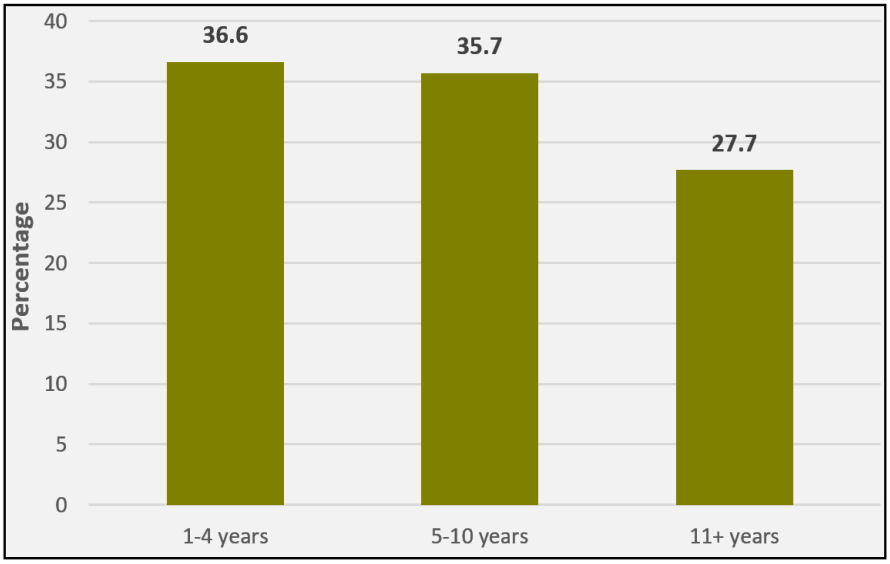


Figure 5.7: Number of years in role or position (n=112)

Of the 112 respondents, 41 (36.6%) have been in the position for 1 to 4 years, 40 (35.7%) have been in the position for 5-10 years, while 31 (27.7%) have been in the position for 11 or more years.

These results indicate once again that this is quite an active industry in the broader Cape Town area (as delineated in Chapter 3), with a steady stream of new entrants, as well as stable enterprises existing for a number of years. The minimum number of years a respondent has been in this position is 1 year, while the maximum is 39 years. The average number of years in their current roles or positions is 8.4 years.

5.2.2.3 Gender

With regard to the gender of the respondents, the breakdown is depicted in Figure 5.8 below.

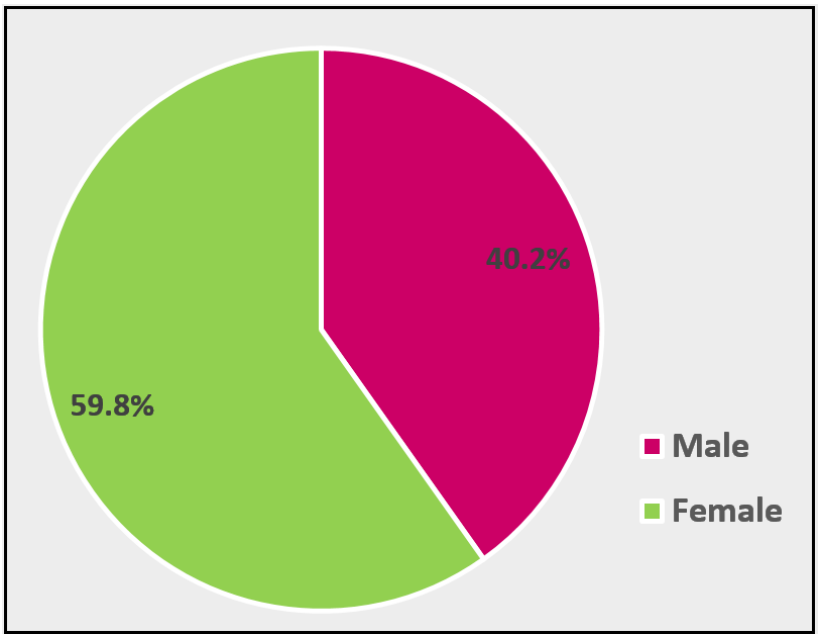


Figure 5.8: Gender (n=112)

As shown, the majority of the respondents (59.8%) are female, while 40.2% are male. A reason could be that this type of business is a logical progression for females, as they are traditionally the cooks in society. Another reason could be that a catering business is a viable option for mothers who are raising families and yet need to generate income. However, as the figure shows, there are also significant numbers of males who run catering businesses.

5.2.2.4 Age group

The results for the age groups of the respondents are shown in Figure 5.9 below.

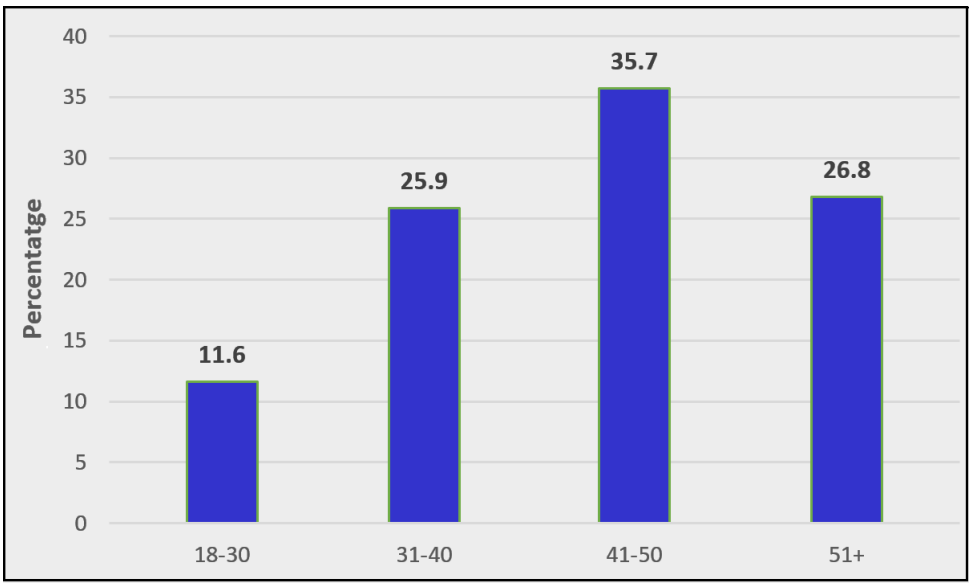


Figure 5.9: Age group (n=112)

As the figure indicates, 11.6% of the owners and/or managers fall within the 18-30 age group, 25.9% within the 31-40 age group, 35.7% within the 41-50 age group, and 26.8% in the 51 and greater age group.

This indicates a fair amount of representation, with the major age groups depicted here, aside from the first category (18-30). Almost two thirds of the respondents (62.5%) were 41 years or older.

The next section discusses the descriptive analysis of the micro environment.

5.2.3 The micro environment

The micro environment entails the internal environment of the business. The respondents were asked various questions about this environment, starting with their mission, vision and objectives. Thereafter, they were asked questions related to the qualities that they, as owners and/or managers, typically exhibit. Finally, they were asked questions relating to resources and specific functional areas of their businesses. Their responses to these questions are analysed below.

5.2.3.1 Mission, vision and objectives

The respondents were asked to indicate whether their businesses have mission statements (general purpose of the business), vision statements (desired position for the future) and also goals and objectives. Figure 5.10 below details their responses.

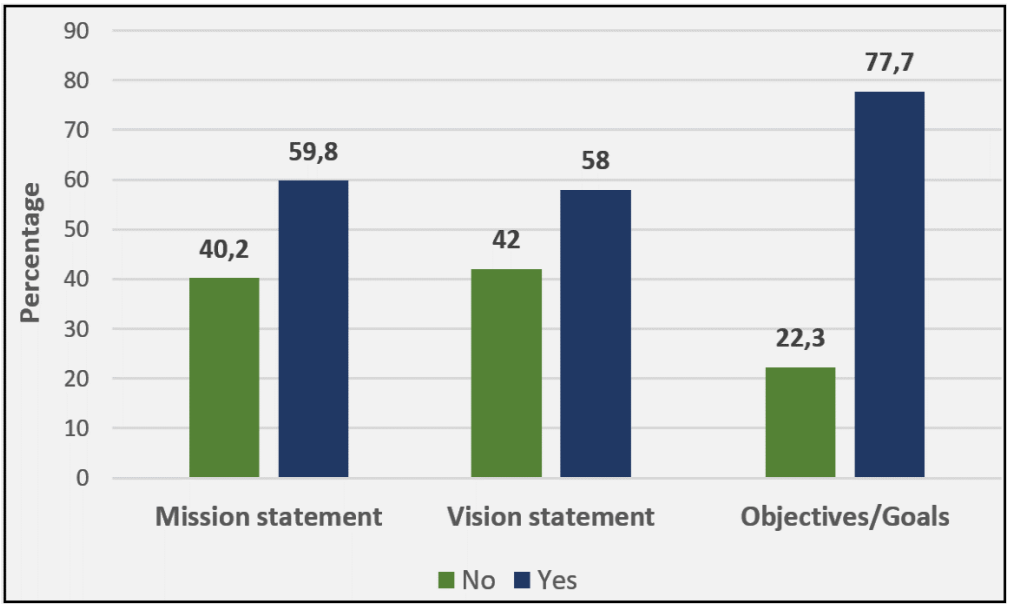


Figure 5.10: Mission, vision and objectives (n=112)

As seen in Figure 5.10, almost similar percentages of the SMMICs have mission statements (59.8%) and vision statements (58%). These somewhat lower than expected figures could be regarded as a weakness of these SMMICs, given the importance attached to having mission and vision statements (as discussed in Chapter 3). Just more than three quarters of the respondents have goals and objectives (77.7%), which is a definite strength of these SMMICs.

5.2.3.2 Qualities of the owner or manager

Respondents were asked to indicate the extent to which they perceive themselves to exhibit the various skills that owners or managers of SMMICs typically have. These results are shown in Figure 5.11 below.

To assist in clarity for graphical representation, the responses 'Never' and 'Rarely' have been grouped together, as well as the responses 'Often' and 'Always.' It is noted that for statements 6 and 7, the percentages in the table add up to 100.1% due to rounding.

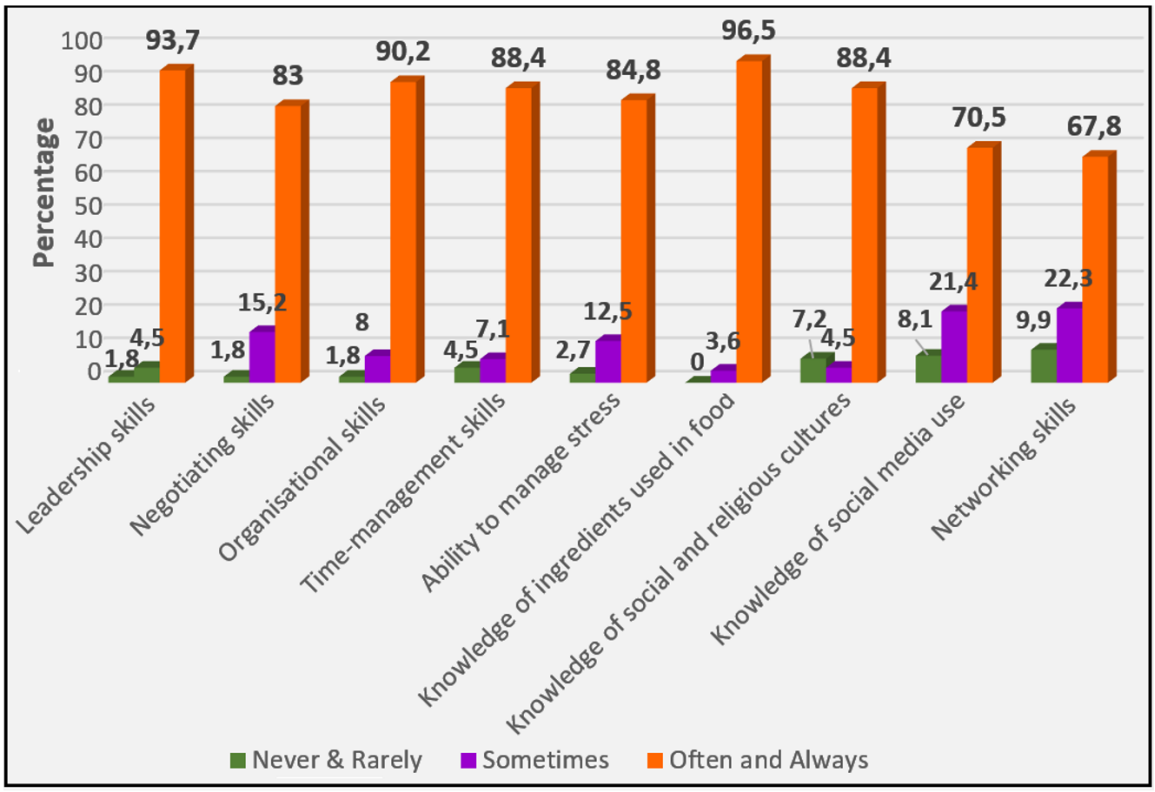


Figure 5.11: Qualities of the owner/manager (n=112)

It is apparent from the figure that in most of the areas listed, the majority of the respondents appear to be confident about their skills and abilities. Firstly, the

respondents rated themselves extremely highly, at more than 90% ('Often' and 'Always'), in terms of their knowledge of the ingredients used in food, their leadership skills, and their organisational skills.

The other areas in which the respondents also rated themselves highly, at more than 80% ('Often' and 'Always'), were in terms of their time management skills, knowledge of social and religious cultures which affect the business, ability to manage stress and negotiating skills.

The respondents rated themselves somewhat lower in terms of their knowledge of social media use ('Often' and 'Always': 70.5%, 'Sometimes': 21.4%), and their networking skills ('Often' and 'Always': 67.8%, 'Sometimes': 22.3%).

Overall, this translates into a very positive set of responses by the owners and managers of the SMMICs, and reflects as strengths that they possess in the micro environment.

5.2.3.3 Functional areas and resources of the business

The respondents were asked to indicate which of the following functional areas and resources are present (yes, no, sometimes) in their businesses. Their responses are depicted in Figure 5.12 and are discussed below.

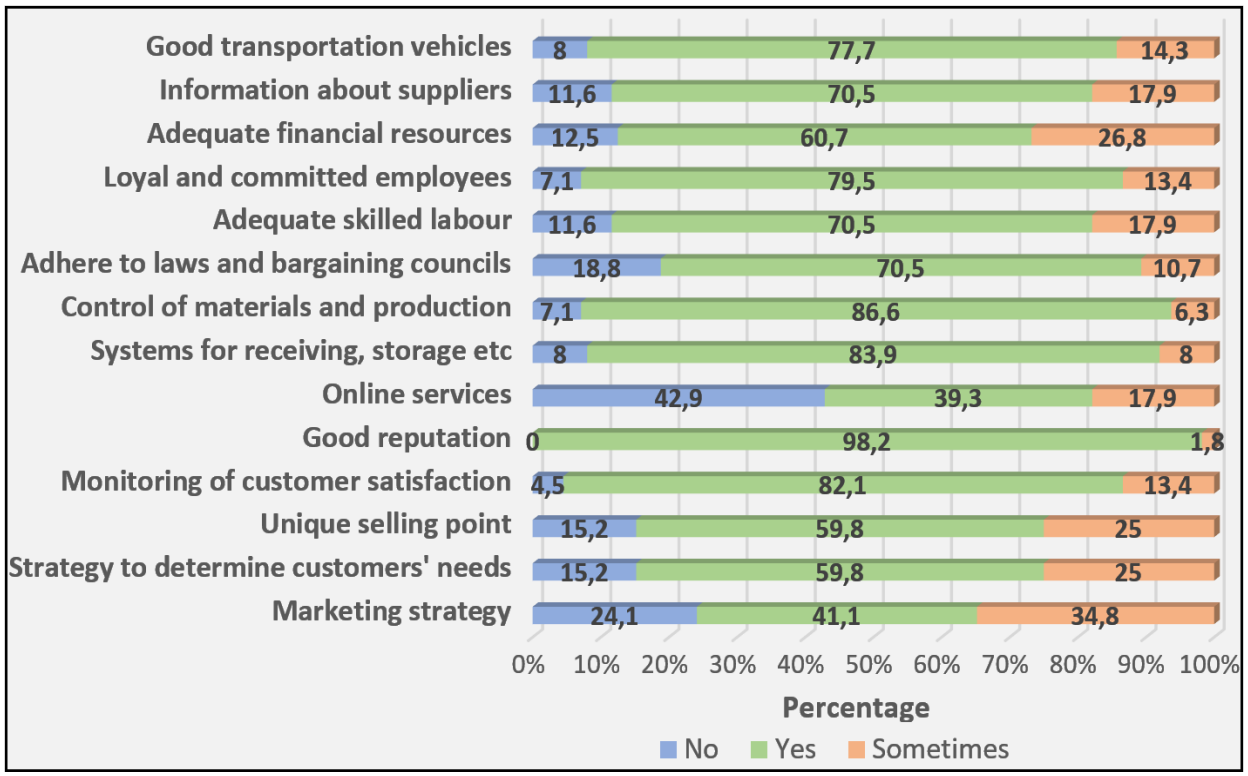


Figure 5.12: Functional areas and resources (n=112)

Based on the responses, the area that the respondents are of the opinion that they excel in the most, is a good reputation (98.2%). Operational areas are also handled well, as 86.6% of the respondents indicated that they have control of materials and production, while 83.9% indicated that they have systems for the receiving, storage, preparation and assembly of food, and for clearing and cleaning.

With regard to customers, the respondents rated their continual monitoring of customer satisfaction highly ('Yes': 82.1%, 'Sometimes': 13.4%). However, a fairly lower positive response was generated with regard to the respondents having a strategy to determine customers' needs ('Yes': 59.8%, 'Sometimes': 35%, 'No': 15.2%), and also having a unique selling point or targeting a specific niche market, where 59.8% of the respondents selected 'Yes', while 25% selected 'Sometimes', and 15.2% selected 'No'. Having a marketing strategy only garnered a mildly positive response ('Yes': 41.1%, 'Sometimes': 34.8% and 'No': 24.1%).

Since having a marketing strategy is regarded as essential for a business (as discussed in Chapter 3), the fairly high response rates of 'Sometimes' and 'No' (a total of 58,9%), denotes a weakness of these SMMICs in this area. This, along with the previous two factors (namely, good reputation and monitoring customers), gives the impression that many respondents feel that having a good reputation and monitoring customer satisfaction are sufficient for their purposes, and that there is no need to invest further time and effort in formal marketing.

Regarding adherence to legislation and bargaining councils, the response rates were fairly positive ('Yes': 70.5%, 'Sometimes': 10.7%, 'No': 18.8%).

The respondents also seemed satisfied with their labour force, as evidenced in their replies as to whether they have adequate skilled labour ('Yes': 70.5%, 'Sometimes': 17.9%, 'No': 11.6%), and whether they have loyal and committed employees ('Yes': 79.5%, 'Sometimes': 13.4%, 'No': 7.1%).

With regard to suppliers, the respondents generally seemed satisfied with the information that they have about their suppliers ('Yes': 70.5%, 'Sometimes': 17.8%, 'No': 11.6%).

They were also satisfied with regard to their transportation vehicles ('Yes': 77.7%, 'Sometimes': 14.3%, 'No': 8%).

Their lowest ratings were given to the adequacy of their financial resources ('Yes': 60.7%, 'Sometimes': 26.8%, 'No': 12.5%) and to their online services ('Yes': 33.9%, 'Sometimes': 17.9%, 'No': 42.9%).

Based on the analysis above, the strengths of the SMMICs, on the whole, appear to be the following: a good reputation, operational areas, the continual monitoring of customer satisfaction, satisfaction with their labour force, loyal and committed employees, information on suppliers, and good transportation vehicles.

Areas in which the SMMICs do not perform as strongly are: a strategy to determine customers' needs, having a unique selling point or targeting a specific niche market, and financial resources.

Areas in which the SMMICs display a weakness are having a marketing strategy and possessing online services.

The replies of the respondents relating to factors in the market environment will now be analysed and discussed.

5.2.4 The market environment

There are four main sectors in the market environment of a business, namely, customers, competitors, suppliers and intermediaries.

The respondents were asked questions relating to each of these sectors. Their answers are discussed and analysed below.

5.2.4.1 Customers

The respondents were asked four questions regarding the impact of customers on their business. Their responses are recorded in Figure 5.13 below.

The responses of 'Usually' and 'Always' have been combined in the figure.

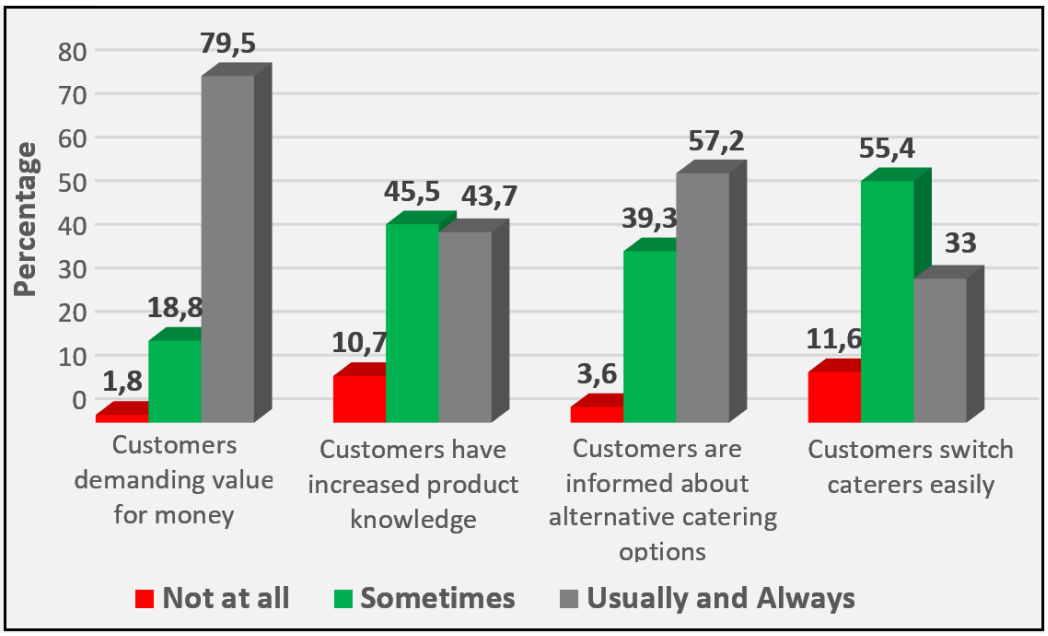


Figure 5.13: Customers (n=112)

In all of the areas above, the behaviour of customers can be a threat or an opportunity for the SMMICs, depending on the extent to which they are able to keep their customers satisfied.

Customers demanding value for money appears to have the greatest impact on the SMMICs ('Usually' and 'Always': 79.5%, 'Sometimes': 18.8%). A threat could exist for the SMMICs if they, for example' have limited resources with which to satisfy demands' or if they find that customers balk at paying the full price for their requirements. However, opportunities could arise for those SMMICs who find ways to satisfy customers in various ways, for example' through excellent service or by providing small extra items free of charge.

The SMMICs are not affected as much by customers being more informed about various and alternative catering options available to them ('Usually' and 'Always': 57.2%, 'Sometimes': 39.3%). This constitutes an opportunity or threat, depending on the ability of the SMMICs to provide a satisfactory product and service so that customers will continue patronising their businesses.

Customers having increased product knowledge, for example, about organic foods, does not appear to have an immediate great impact on the SMMICs ('Usually' and 'Always': 43.7%, 'Sometimes': 45.5%). However, these percentages give an indication that this factor could possibly play a bigger role in the future, as they represent almost

half of the respondents, and could be a threat or opportunity for the SMMICs, depending on how well they evolve their offerings to cater for consumers' demands in this area.

Regarding whether customers switch caterers easily, it is clear that, although a small group are confident of their skills in retaining customers, the majority of the respondents do see that customer loyalty can change ('Usually, and ,Always': 33%, 'Sometimes': 55.4%, 'Not at All': 11.6).

Overall, it appears that the respondents have a healthy respect for their customers. Although there is some indication of customer loyalty, there is evidence that customers are becoming more knowledgeable, powerful and demanding.

5.2.4.2 Competitors

Competitors and competition of the SMMICs, as part of the market environment, will now be discussed. Figure 5.14 provides an analysis of the responses of the owners/managers to various questions in this regard. The responses of 'Usually' and 'Always' have been combined in the figure.

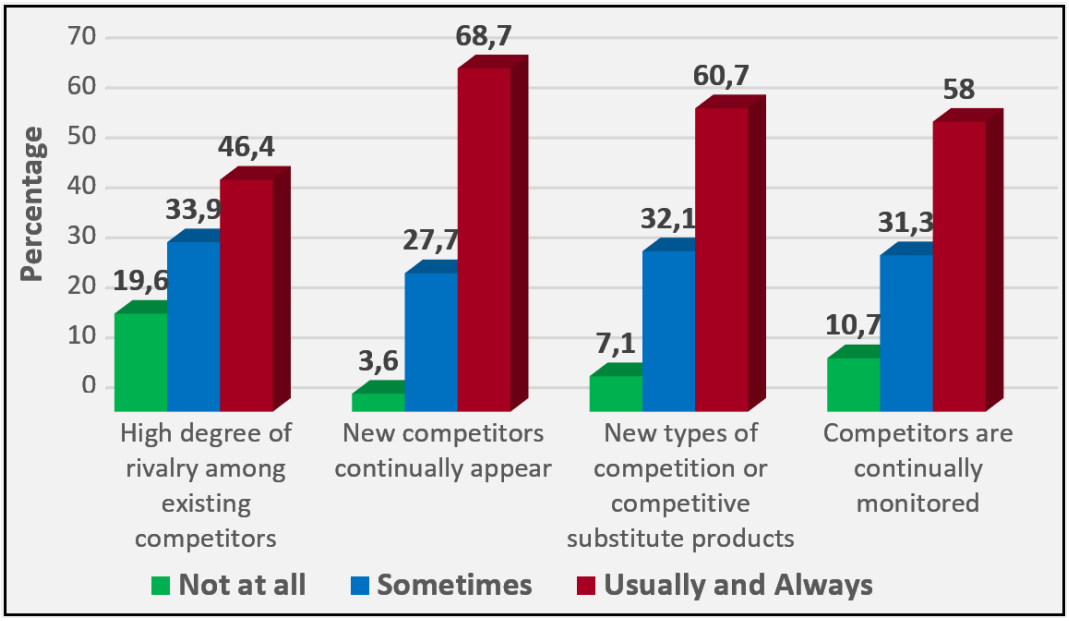


Figure 5.14: Competitors (n=112)

Competition appears to have a significant but not extreme effect on the SMMICs. Based on the responses above, the greatest threat and impact on them appears to be that of new competitors continually appearing ('Usually' and 'Always': 68.7%, 'Sometimes': 27.7%, 'Not at All': 3.6%). Another aspect of competition which appears

to have a fairly high impact, concerns whether new types of competition or competitive substitute products continually arise ('Usually' and 'Always': 60.7%, 'Sometimes': 32.1%)

A fair number of the SMMICs carry out continual monitoring of competitors ('Usually' and 'Always': 58%, 'Sometimes': 31.3%).However, there does not seem to be a great degree of rivalry among existing competitors ('Usually' and 'Always': 46.4%, 'Sometimes': 33.9%, 'Not at all': 19.6%).

Due to the very nature of competition being a threat, it appears that significant numbers of the SMMICs are generally quite alert to the actions being taken by competitors, and that many of them are careful to monitor challenges and threats which arise regarding competitors.

5.2.4.3 Suppliers

The respondents were asked a number of questions regarding their suppliers.

Their responses are represented in Figure 5.15 below. The responses of 'Usually' and 'Always' have been combined in the figure.

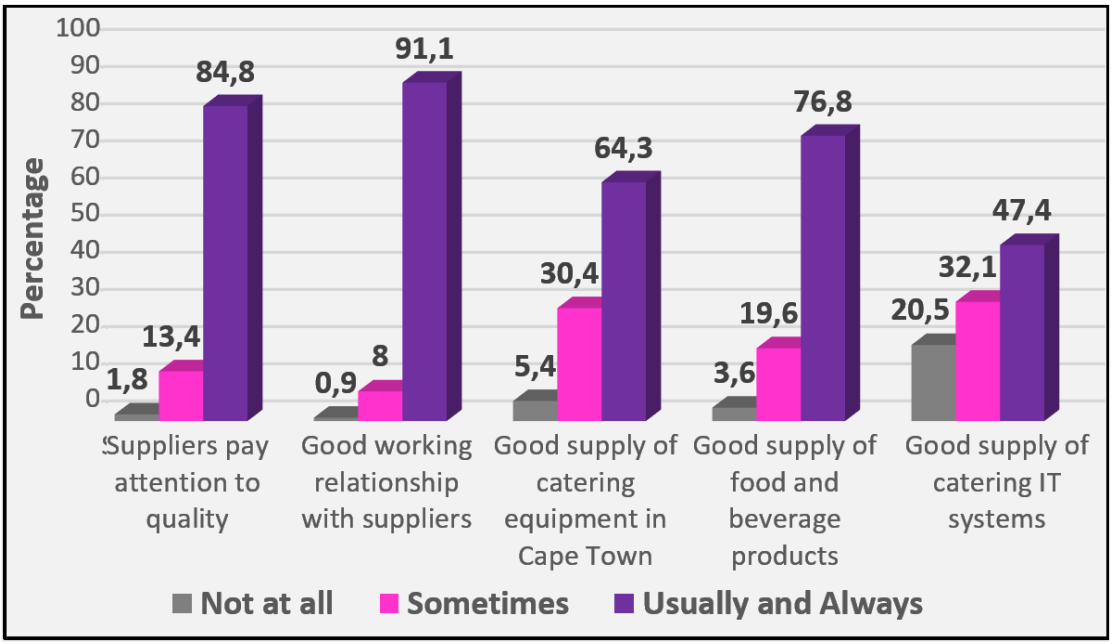


Figure 5.15: Suppliers (n=112)

The respondents appear to be generally satisfied with the performance of their suppliers. This is indicated by their responses to whether suppliers pay attention to

quality (‘Usually’ and ‘Always’: 84.8%), and to whether a good working relationship is maintained with suppliers (‘Usually’ and ‘Always’: 91.1%).

Good supplier relationships indicate good opportunities for the SMMICs. For example, they could attempt new product offerings, since they know that their suppliers can be depended on to deliver what they need.

The last three questions related to whether good levels of supply exist with regard to catering equipment, food and beverage products, and catering IT systems. The most positive response was given for food and beverage products (‘Usually’ and ‘Always’: 76.8%, ‘Sometimes’: 19.5%), while a good supply of catering equipment was rated lower (‘Usually’ and ‘Always’: 64.8%, ‘Sometimes’: 30.4%), and catering IT systems ranked the lowest (‘Usually’ and ‘Always’: 47.4%, ‘Sometimes’: 32.1%, ‘Not at All’: 20.5%).

Good supplier relationships and good sources of supply indicate advantages for the SMMICs, since, for example, menus can be confidently drawn up or altered with the assurance of provision of the required ingredients or raw materials. In other areas, such as catering equipment and catering IT systems, however, it would perhaps depend on the size and sophistication of the SMMICs as to whether such systems are required and whether lack of them causes a threat or not.

5.2.4.4 Intermediaries

The final sector in the marketing environment relates to the impact of various intermediaries on the SMMICs.

The responses of the owners/managers are represented in Figure 5.16 below. The responses of ‘Usually’ and ‘Always’ have been combined in the figure.

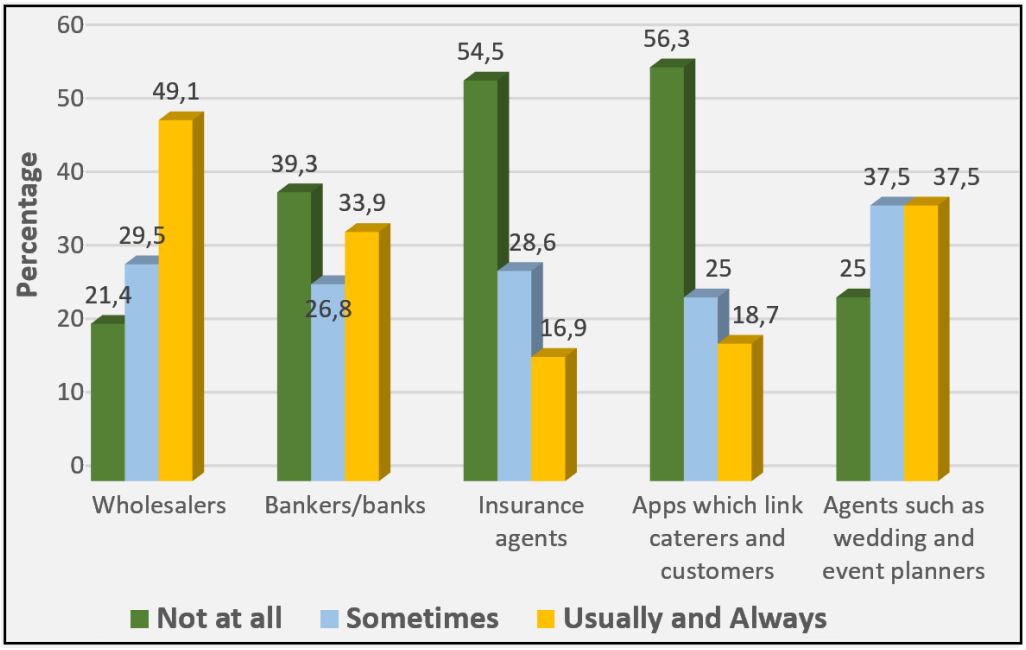


Figure 5.16: Intermediaries (n=112)

The first three intermediaries (wholesalers, bankers/banks and insurance agents) facilitate the general business of the SMMICs, while the last two (apps which link caterers and customers, and agents such as wedding and event planners) facilitate links with the SMMICs and customers.

With regard to the first group, it is evident that the SMMICs are impacted the most by wholesalers ('Usually' and 'Always': 49.1%, 'Sometimes': 29.5%), lesser so by banks ('Usually' and 'Always': 33.9%, 'Sometimes': 26.8%), and the least by insurance agents (Usually' and 'Always': 16.9%, 'Sometimes': 28.6%). In addition, significant numbers of the SMMICs do not interact with these agents at all.

With regard to the second group, intermediaries linking the SMMICs with customers, there appears to be a greater impact with regard to wedding and event planners ('Usually' and 'Always': 37.5%, 'Sometimes': 37.5%), than with the technological apps linking caterers and customers ('Usually' and 'Always': 18.7%, 'Sometimes': 25.0%). However, depending on the sophistication of their target market, app usage could be an opportunity for the SMMICs to diversify their exposure to potential customers.

It is apparent that the SMMICs differ substantially with regard to their need for intermediaries. In addition, it is not clear of the extent to which each intermediary constitutes an opportunity or threat for the SMMICs, as each SMMIC would have its own unique situation and reasons for interacting with these intermediaries.

The next section analyses and discusses the data collected in terms of the macro-environment of the SMMICs.

5.2.5 The macro environment

As was discussed in Chapter 3, the macro environment of a business is comprised of six basic environments, namely, the socio-cultural, technological, economic, environmental, legal/political and international environments.

In the survey, the respondents were asked questions on the impact of each of these environments on their businesses. For their responses, they could select between 'Not at all', 'Sometimes', 'Usually' and 'Always'.

Each of the six environments will be discussed below.

5.2.5.1 Socio-cultural environment

The respondents were asked whether the following three factors in the socio-cultural environment affect their business. Their responses are depicted in Figure 5.17 below. The responses 'Usually' and 'Always' have been combined for the analysis.

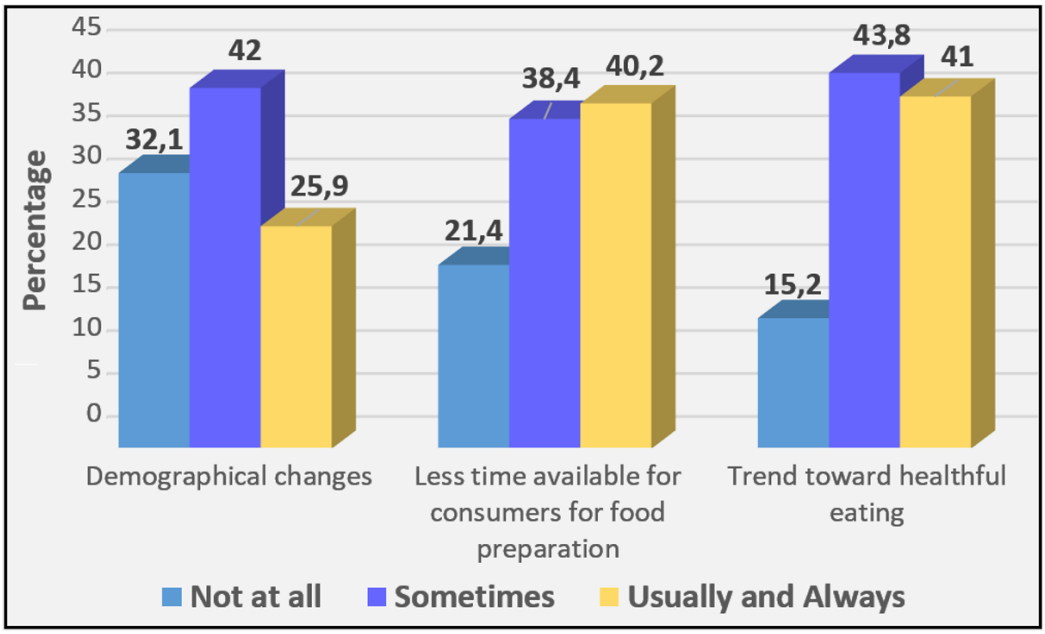


Figure 5.17: Socio-cultural factors (n=112)

Demographical changes, such as the increase in smaller families, or the increase in double income households, appear to have a limited impact on the SMMICs ('Usually' and 'Always': 25.9%, 'Sometimes': 42%, 'Not at all': 32.1%).

With the typically slower rate of change in terms of socio-cultural factors such as these, it is likely that it will take time for many of the SMMICs to be impacted in a significant and direct way by these factors.

The other two socio-cultural factors both relate to current trends with regard to consumers and food. The responses were fairly similar for both: less time available for food preparation ('Usually' and 'Always': 40.2%, 'Sometimes': 38.4%, 'Not at all': 21.4%), and more healthful eating ('Usually' and 'Always': 41%, 'Sometimes' 43.8%, 'Not at all': 15.2%). The figures indicate that these factors are becoming more significant for the SMMICs.

All of these socio-cultural changes can cause opportunities or threats for the SMMICs. For example, demographical changes and less time for food preparation could be opportunities for SMMICs to branch out into home-delivered meals or meal sets.

Threats could arise if customers are lured away by other SMMICs offering these options at an early stage or in a better way.

Regarding more healthful eating, opportunities exist for the SMMICs to develop appropriate foods for this market, while threats could arise if they are unable to, or choose not to become involved in these kinds of foods.

5.2.5.2 Technological environment

The respondents were asked whether the following three factors in the technological environment affect their business:

1. Easy access to the internet by consumers
2. Effects of the internet on caterers
3. Technological changes in catering software

Their responses are depicted in Figure 5.18 below. The responses 'Usually' and 'Always' have been combined for the analysis.

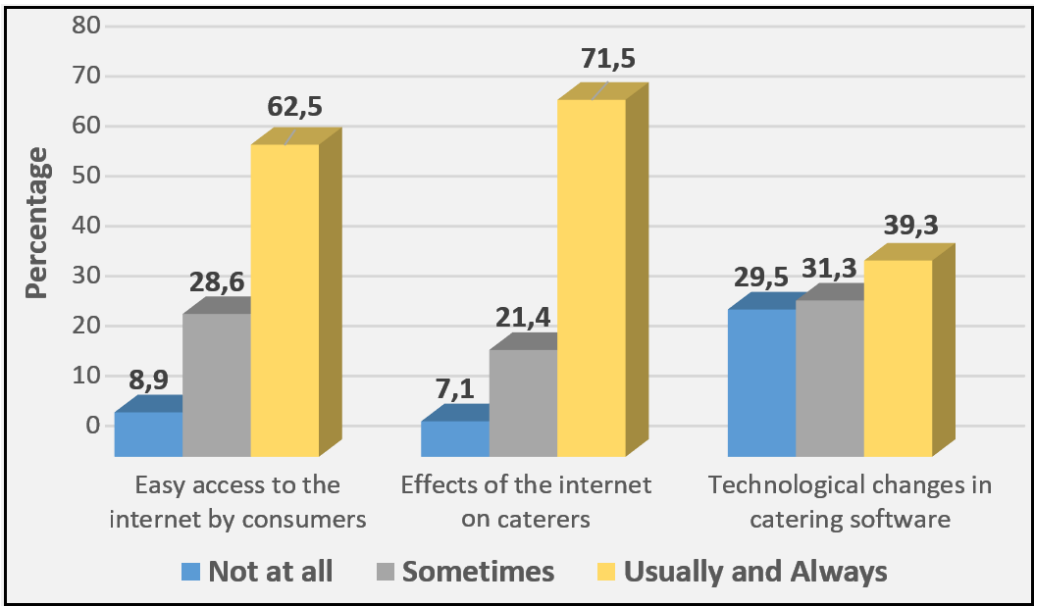


Figure 5.18: Technological factors (n=112)

The most significant technological factor is the impact of the internet in helping respondents to find new ideas, to find new catering opportunities, and to source food products faster ('Usually' and 'Always': 71.5%, 'Sometimes': 21.4%). Another lesser, albeit fairly significant, impact is the effect of easy access to the internet, mobile apps and social media by consumers who may use these to access caterers' websites, order meals, and evaluate catering events ('Usually' and 'Always': 62.5%, 'Sometimes': 28.6%).

It is clear that an array of opportunities arise for the SMMICs through the internet. These include, for example, ideas for various innovations and also for promotional activities. Threats could exist if these innovations and activities are not taken advantage of timeously, and the SMMICs lose out to competitors and/or finding potential customers.

The third factor, which is related to technological changes in catering software, such as online reservation systems, creation of client accounts, stock figures and recipe management, appears to have more of an impact on some SMMICs than others ('Usually' and 'Always': 39.3%, 'Sometimes': 31.3%, 'Not at all': 29.5%). It is noted that these percentages add up to 100.1% due to rounding. It can be assumed that the larger SMMICs benefit more from investing in these systems, as they would have the financial ability to do so.

5.2.5.3 Physical environment

The respondents were asked whether the following three factors in the physical environment affect their business:

1. Trends in energy conservation;
2. Trends in waste management and recycling; and
3. Trends in presenting business as ‘caring for the environment’.

The responses of the respondents are depicted in Figure 5.19 below. The responses ‘Usually’ and ‘Always’ have been combined for the analysis.

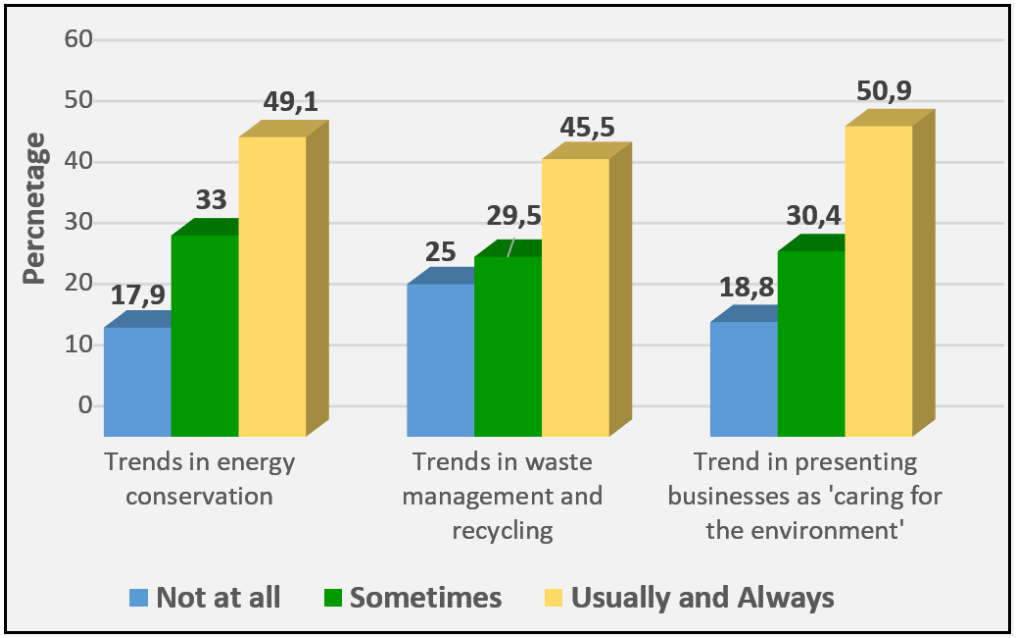


Figure 5.19: Physical factors (n=112)

The questions focused on the respondents’ opinions of the impact of three trends in the physical environment on their businesses. The first trend relates to energy conservation, such as more efficient cooking, refrigeration, dishwasher and ventilation systems. The second trend relates to waste management and recycling, and the third trend relates to presenting businesses as ‘caring for the environment.’

Fairly similar responses were elicited for all three trends (‘Usually, and ‚Always’: 49.1%, 45.5% and 50.9% respectively, ‘Sometimes’: 33%, 29.5% and 30.4%, respectively, and ‘Not at all’: 17.9%, 25% and 18.8%, respectively). It is noted that for the third trend ‘caring for the environment’, the percentages in the table add up to 100.1% due to rounding.

Based on these responses, it appears that about half of the SMMICs are directly impacted by these trends, about 30% occasionally, and about 20%, on average, are not affected at all.

These trends manifest themselves as opportunities or threats for the SMMICs. For example, an opportunity would be for SMMICs to invest in more efficient equipment and waste management systems, and enjoy the benefits of lower electricity bills and faster food production. Threats could exist where SMMICs may not have funding for this kind of energy-efficient equipment, and consequently perhaps have higher energy bills, or use more time-consuming production methods. However, it would not be feasible, nor affordable, for most small caterers to have this kind of equipment.

It is not certain to what extent the SMMICs have actually adopted any of these measures, or whether they are just aware of them. It would, of course, be beneficial to promote themselves as adhering to sustainable environmental practices.

5.2.5.4 Political-legal environment

The respondents were asked whether the three factors, as illustrated in Figure 5.20, in the political-legal factors environment affect their businesses, and their responses are depicted in Figure 5.20 below. The responses 'Usually' and 'Always' have been combined for the analysis.

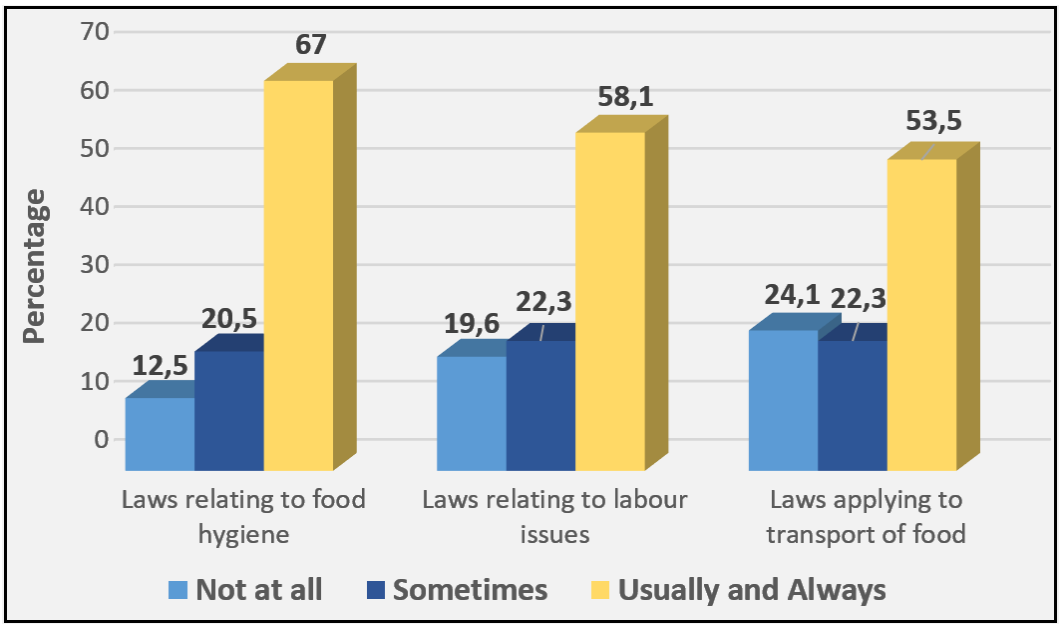


Figure 5.20: Political-legal factors (n=112)

It is noted that in relation to the regulations applying to the transport of food, the percentages in the table add up to 100.1% due to rounding.

The impact of the three sets of regulations appear to be fairly significant on all the SMMICs ('Usually' and 'Always' added to 'Sometimes' giving results of 87.5%, 80.4% and 75.8%, respectively). The 'Not at all' responses (12.5%, 19.6% and 24.1% respectively) could indicate that those SMMICs cater from home and/or operate on an informal basis.

The regulations could constitute a potential threat to the SMMICs, in that compliance would require financial and physical effort, and noncompliance could result in legal measures being taken against them.

5.2.5.5 International environment

The respondents were asked about two factors in the international environment and the impact on their businesses. Their responses are depicted in Figure 5.22 below. The responses 'Usually' and 'Always' have been combined for the analysis.

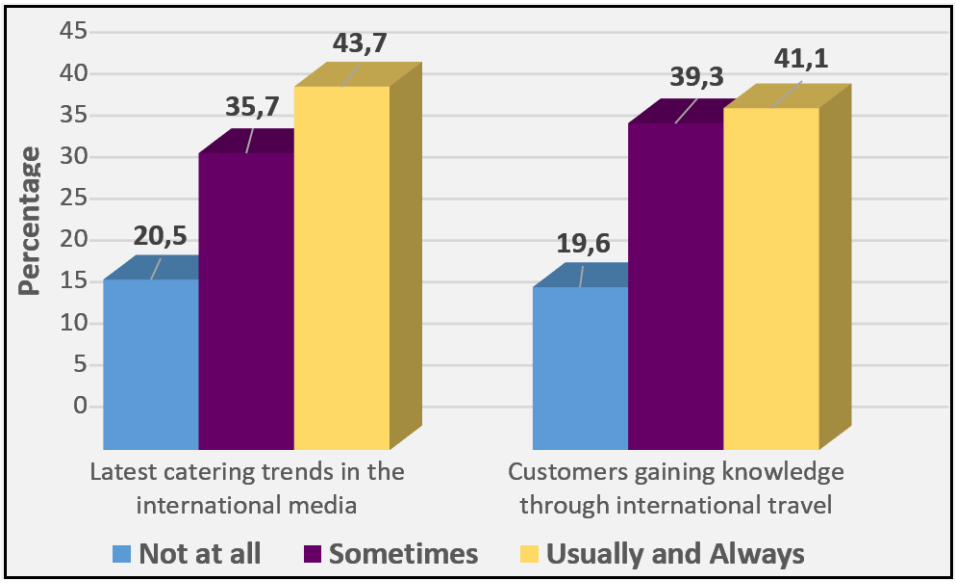


Figure 5.21: International factors (n=112)

The response as to whether the latest catering trends in the international media have an impact on the SMMICs indicates that a significant percentage (79.4%) of respondents keep track of outside trends ('Usually, and 'Always': 43.7%, 'Sometimes': 35.7%, 'Not at all': 20.5%). It is noted that the percentages add up to 99.9% due to rounding.

The SMMICs indicating ‘Not at All’ may not be impacted by this factor due to them perhaps adequately catering for their customers’ needs at present, or they may cater for lower income groups that are not impacted by these trends.

Regarding opportunities or threats, it would perhaps be advantageous, and thus an opportunity for any SMMIC, regardless of size, to be aware of these catering trends and to incorporate some of them in their businesses, since customers would no doubt always have an interest when something new and innovative is presented.

Regarding the response to the second question, whether the SMMICs are affected by customers gaining knowledge through international travel of other countries’ foods and beverages (‘Usually’ and ‘Always’: 41.1%, ‘Sometimes’: 39.3%, ‘Not at all’: 19.6%), it is clear that the majority (80.4%) of the respondents think to some degree that customers do gain knowledge in this way. However, with a fifth of them indicating ‘Not at all’, it is evident that these may again be SMMICs that cater for lower income groups that would not be engaged in much, if any, travelling.

Opportunities could arise for SMMICs that take advantage of these international trends to create appealing products and/or services for customers. Those SMMICs that do not take advantage of these trends may run the risk of losing out to those that do.

5.2.5.6 Economic environment

The respondents were asked whether the three factors, as illustrated in Figure 5.22, in the economic environment affect their business.

The respondents’ responses are depicted in Figure 5.22 below. The responses ‘Usually’ and ‘Always’ have been combined for the analysis.

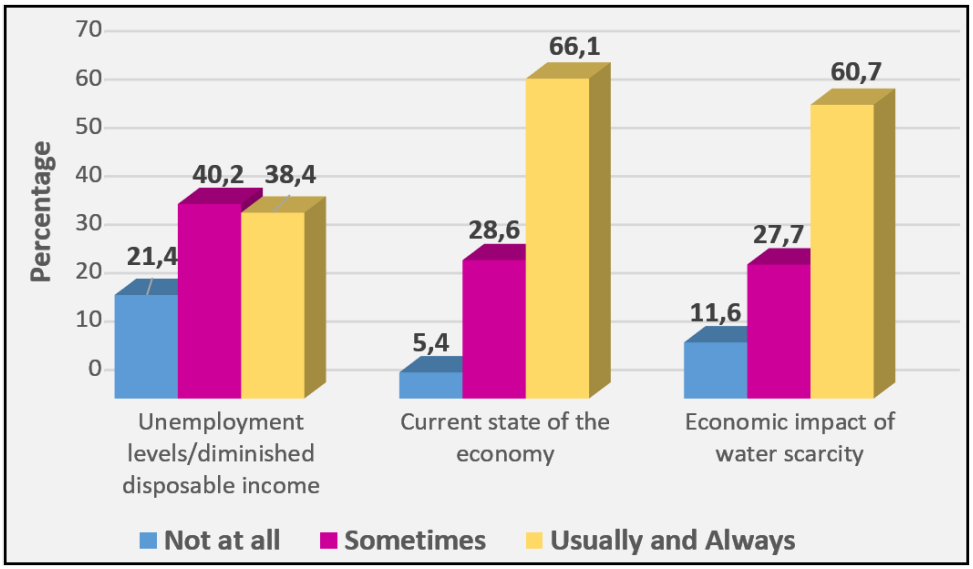


Figure 5.22: Economic factors (n=112)

The economic factor that has the greatest impact on the SMMICs is the current state of the economy ('Usually' and 'Always': 66.1%; 'Sometimes': 28.6%, 'Not at all': 5.4%). It is noted that these percentages add up to 100.1% due to rounding. It can be assumed that this is a threat to caterers, since the South African economy has not been performing optimally for many years (as was discussed in Chapter 3).

The economic impact of the water scarcity in Cape Town is also felt by significant numbers of the SMMICs ('Usually' and 'Always': 60.7%, 'Sometimes': 27.7%), and this factor can be viewed as a threat to the SMMICs. This is to be expected, as food preparation requires substantial quantities of water.

The respondents indicated a smaller impact with regard to unemployment levels and/or diminished disposable income by consumers ('Usually' and 'Always': 38.4%, 'Sometimes': 40.2%, 'Not at all': 21.4%). This indicates that on some levels, and for certain SMMICs, there is a fairly consistent demand for catered events by customers, notwithstanding the current economic conditions.

5.2.5.7 Summary of responses for the six environments

The composite responses for the six environments are shown in Figure 5.23 below.

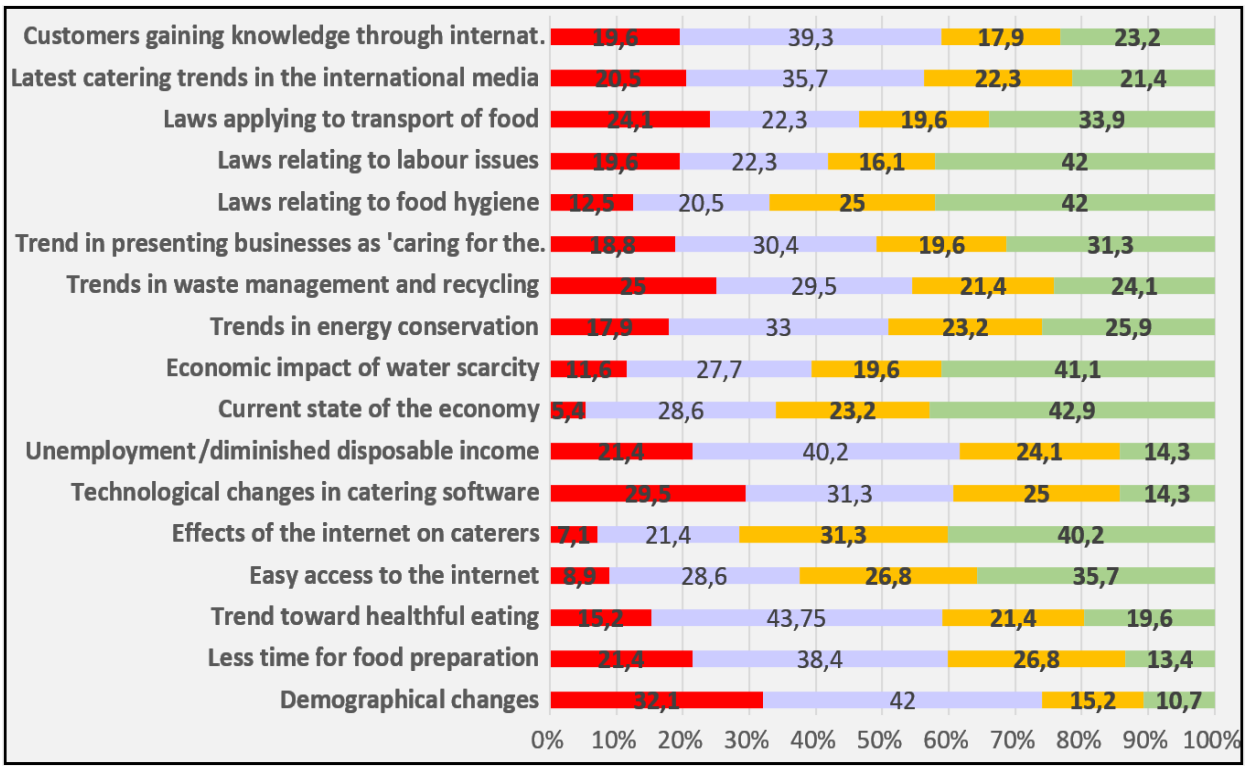


Figure 5.23: Macro environmental factors (n=112)

The next section is an analysis of an open-ended question whereby the respondents were asked to state any other factors which currently have a significant impact on their businesses.

5.2.6 Other factors

This was an open-ended question, where the respondents were asked to state any other factors which currently have a significant impact on their business. Their responses are depicted in Figure 5.24 below. It is noted that the percentages do not add up to 100%, as it was an open question, and therefore, respondents could provide no answer or more than one answer to this question.

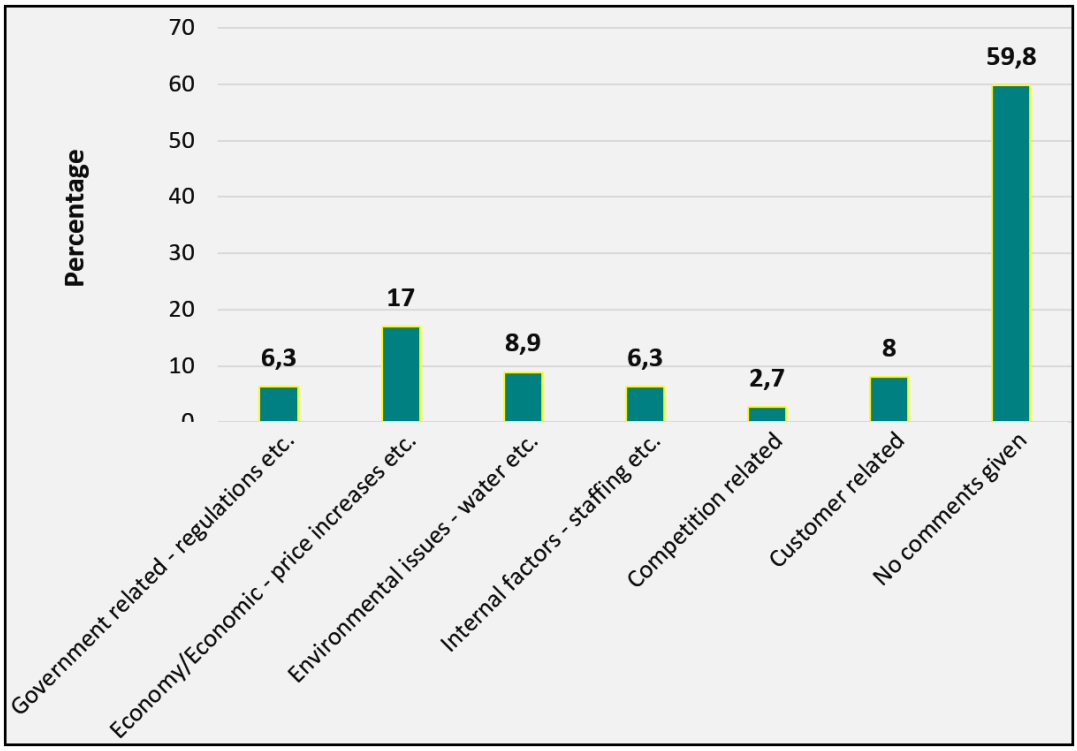


Figure 5.24: Other factors (n=112)

As shown, a fairly high percentage of the respondents (59.6%) did not answer this question. A possible reason may be due to hastiness to complete the questionnaire. The responses of those who did answer were coded and placed into different categories. These categories fall within the macro environment, the market environment and the micro environment, and overlap considerably with the factors already mentioned in the discussion of these three environments.

The highest percentage of responses was related to the macro environment. These were specifically in relation to the economy (17%), environmental issues (8.9%) and the government (6.3%). The respondents noted issues in the economy, such as the impact of price increases in electricity, the increase in the cost of food ingredients and the increase in VAT. Regarding the physical environment, the main concern was the water scarcity in Cape Town. Within the sphere of government, the respondents raised issues such as the complex government compliance procedures, and government departments taking too long to make payment.

Under the market environment, the respondents emphasised customers (8%) and competition (2.7%). With regard to customers, the concerns were related to factors such as corporate clients demanding the same service as for a previous function but being willing to pay only 60% of the budget, and also some customers insisting on

dealing with Halaal certified caterers only. Issues linked to competition were the rise of many similar types of catering businesses, and also the phenomenon of restaurants offering catering services.

Within the micro environment (6.3%), respondents listed problems such as inadequate equipment, inadequate stock control systems, or a lack of various other resources. There were also complaints about lazy, unmotivated staff.

It is interesting to note that none of the respondents identified any factors which impact positively on their businesses but focused instead on challenges. The challenges, however, are useful in identifying the weaknesses within some of the SMMICs or the threats that some of them face.

A general observation, based on the overall descriptive analysis above, is that it appears that many variables can present either opportunities or threats for SMMICs, depending on how they choose to or are able to respond to them.

5.3 SUMMARY OF THE FINDINGS

The main findings of the survey are summarised in Table 5.6 below.

Table 5.6: Summary of the findings

	MAIN FINDINGS
	FIRMOGRAPHICS
1	Location: the SMMICs are located in a total of approximately 55 different towns or suburbs.
2	Premises: 57.1% operate from homes; 42.9% operate from business premises.
3	Number of years in operation: 34.8% have been in operation for 1 to 4 years; 35.7% for 5 to 12 years; 29.5% for 13 or more years.
4	Forms of promotion: 85.7% are active on Facebook; 58.0% have actively maintained websites; 6.3% have a listing in the online yellow pages. Other forms of promotion are used by 50%, e.g. Instagram, Word-of-Mouth, Google Ads, WhatsApp and Gumtree.
5	Classification: 26.6% are classified as small; 53.2% as very small; 20.2% fall under 'Other' (medium-sized caterers: 6% and micro caterers: 14%).
6	Employees: More SMMICs have part-time employees (mean of 9.8) than full-time employees (mean of 5.3) and seasonal employees (mean of 9.2).
7	Members of an organisation: 89.3% do not belong to any organisation; 2.7% are members of FEDHASA, 4.5% are members of SA Chefs, 4.5% are part of various supplier, government and restaurant databases.
8	Contribution to revenue: more revenue is derived from social catering (mean of 52.3%) than business catering (mean of 42.1%).
9	Contribution to revenue from on-premise and off-premise catering: similar for both (mean of 47.1% and 52.9%, respectively, and median of 50% for both). A high standard deviation of 39.29% exists for both.
10	Contribution to revenue from midscale, upscale and budget events: majority is generated from midscale events (mean of 44.8) with similar contributions from budget and upscale events (mean of 30.2 and 26 respectively); a great degree of variance exists in the standard deviation in all three categories.
	DEMOGRAPHICS
11	Roles or positions: 87.5% are owners; of these 37.5% are also full-time managers. Full time managers who are not owners comprise 12.5%.

	MAIN FINDINGS
12	Number of years in the position: 36.6% have been in the position for 1 to 4 years, 35.7% for 5-10 years; 27.7% for 11 or more years.
13	Gender: 59.8% are female; 40.2% are male.
14	Age groups: 11.6% fall within the 18-30 age group, 25.9% in the 31-40 age group, 35.7% in the 41-50 age group, and 26.8% in the 51 and greater age group.
	MICRO ENVIRONMENT
15	Mission statements ('Yes': 59.8%, 'No': 40.2%) Vision statements ('Yes': 58%, 'No': 42%) Goals and objectives ('Yes': 77.7%, 'No': 22.3).
16	**Perceived managerial qualities of respondents:** *Qualities rated higher than 90% ('Often' and 'Always'):* Knowledge of ingredients used in food, leadership skills, organisational skills. *Qualities rated higher than 80% ('Often' and 'Always'):* Time management skills, Knowledge of social and religious cultures, Ability to manage stress, Negotiating skills. *Qualities rated lower than 80%:* Knowledge of social media use ('Often' and 'Always': 70.5%, 'Sometimes': 21.4%); Networking skills ('Often' and 'Always' 67.8%, 'Sometimes' 22.3%).
17	**Functional areas and resources of the business:** *Skills and resources rated higher than 80% ('Often' and 'Always'):* A good reputation, Control of materials and production processes, Systems for receiving, storage, preparation, assembly of food, clearing and cleaning, Monitoring of customer satisfaction. *Skills and resources rated between 70% and 80% ('Often' and 'Always'):*

	MAIN FINDINGS
	Loyal and committed employees, Good transportation vehicles, Adherence to regulations and bargaining councils, Sufficient knowledge of suppliers, Possession of adequate skilled labour. *<u>Skills and resources rated progressively lower than 70% ('Often' and 'Always'):</u>* Adequate financial resources (60.7%) Strategy to determine customers' needs (59.8%) Unique selling point or targeting a specific niche market (59.8%) Marketing strategy (41.1%) Online services (39.3%)
	MARKET ENVIRONMENT
18	**Customers:** *(factors graded from greatest to least impact)* ▪ Customers demanding value for money ('Usually' and 'Always': 79.5%, 'Sometimes': 18.8%). ▪ Customers being more informed about various and alternative catering options available to them ('Usually' and 'Always': 57.2%, 'Sometimes': 39.3%). ▪ Customers having increased product knowledge ('Usually' and 'Always': 43.7%, Sometimes': 45.5%). ▪ Customers switching caterers easily ('Usually and 'Always': 33%, 'Sometimes': 55.4% and 'Not at All': 11.6%).
19	**Competitors:** *(factors graded from greatest to least impact)* ▪ New competitors (caterers) continually appearing in the market ('Usually' and 'Always': 68.7%, 'Sometimes': 27.7%, 'Not at All': 3.6%). ▪ New types of competition or competitive substitute products continually arising ('Usually' and 'Always': 60.7%, 'Sometimes': 32.1%). ▪ A high degree of rivalry existing among existing competitors ('Usually' and 'Always': 46.4%, 'Sometimes': 33.9%, 'Not at all': 19.6%). ▪ Monitoring of competitors ('Usually' and 'Always': 58%, 'Sometimes': 31.3%).
20	**Suppliers:** *(factors graded from greatest to least impact)* ▪ Good working relationships with regard to food suppliers (Usually' and 'Always': 91.1%, 'Sometimes': 8%).

	MAIN FINDINGS
	▪ Attention that suppliers pay to quality or standards (Usually' and 'Always': 84.8%, 'Sometimes': 13.4%). ▪ Good and reasonably priced supply of food and beverage products in Cape Town ('Usually' and 'Always': 76.8%, Sometimes': 19.6%). ▪ Good supply of catering equipment in Cape Town ('Usually' and 'Always': 64.3%, 'Sometimes': 30.4). ▪ Good supply of catering IT systems in Cape Town ('Usually' and 'Always': 47.4%, 'Sometimes': 32.1%, 'Not at All': 20.5%).
21	**Intermediaries:** *(factors graded from greatest to least impact)* ▪ Wholesalers ('Usually' and 'Always': 49.1%, 'Sometimes': 29.5%. ▪ Banks ('Usually' and 'Always': 33.9%, 'Sometimes': 26.8%). ▪ Wedding and event planners products ('Usually' and 'Always': 37.5%, 'Sometimes': 37.5%). ▪ Technological apps linking caterers and customers ('Usually' and 'Always': 18.7%, 'Sometimes': 25.0%). ▪ Insurance agents (Usually' and 'Always': 16.9%, 'Sometimes': 28.6%).
	MACRO ENVIRONMENT
22	**Socio-cultural environment:** *(factors graded from greatest to least impact)* ▪ Trend toward more healthful eating/use of organic products/vegetarianism ('Usually' and 'Always':41%, 'Sometimes': 43.8%, 'Not at all': 15.2%). ▪ Less time available for food preparation by consumers ('Usually' and 'Always': 40.2%, 'Sometimes': 38.4%, 'Not at all': 21.4%). ▪ Demographical changes, such as the increase in smaller families and increase in double income households ('Usually' and 'Always': 25.9%, 'Sometimes': 42%, 'Not at all': 32.1%).
23	**Technological environment:** *(factors graded from greatest to least impact)* ▪ Effects of the internet ('Usually' and 'Always': 71.5%, 'Sometimes': 21.4%). ▪ Easy access to the internet, mobile apps and social media by consumers ('Usually' and 'Always': 62.5%, 'Sometimes': 28.6%). ▪ Technological changes in catering software ('Usually' and 'Always': 39.3%, 'Sometimes': 31.3%, 'Not at all': 29.5%).
24	**Economic environment:** *(factors graded from greatest to least impact)* ▪ Current state of the economy ('Usually' and 'Always': 66.1%: 'Sometimes': 28.6%). ▪ Economic impact of the water scarcity in Cape Town ('Usually' and 'Always': 60.7%, 'Sometimes': 27.7%).

	MAIN FINDINGS
	▪ Unemployment levels and/or diminished disposable income by consumers ('Usually' and 'Always': 38.4%, 'Sometimes': 40.2%, 'Not at all': 21.4%).
25	**Physical environment:** *(factors graded from greatest to least impact)* ▪ Trend in presenting businesses as 'caring for the environment' ('Usually' and 'Always': 50.9%, 'Sometimes': 30.4%, 'Not at all': 18.8%). ▪ Trends in energy conservation ('Usually' and 'Always': 49.1%, 'Sometimes': 33%, 'Not at all': 17.9%). ▪ Trends in waste management and recycling ('Usually' and 'Always': 45.5%, 'Sometimes': 29.5%, 'Not at all': 25%).
26	**Political-legal environment:** *(factors graded from greatest to least impact)* ▪ Regulations relating to food hygiene ('Usually' and 'Always': 67.5%, 'Sometimes': 20.5%, 'Not at all': 12.5%). ▪ Regulations relating to labour issues ('Usually' and 'Always': 58.1%, 'Sometimes': 22.3%, 'Not at all': 19.6%). ▪ Regulations applying to transport of food ('Usually' and 'Always': 53.5%, 'Sometimes': 22.3%, 'Not at all': 24.1).
27	**International environment:** *(factors graded from greatest to least impact)* ▪ The latest catering trends in the international media ('Usually' and 'Always':43.7%, 'Sometimes': 35.7%, 'Not at all': 20.5%). ▪ Customers gaining knowledge through international travel of other countries' foods and beverages ('Usually' and 'Always': 41.1%, 'Sometimes':39.3%, 'Not at all': 19.6%).
28	**Other factors: open-ended question** ▪ Macro environment: economy (17%), environment (8.9%), government (6.3%). ▪ Market environment: impact of customers (8%) and competition (2.7%). ▪ Micro environment: problems experienced such as inadequate equipment, inadequate stock control systems, staffing problems and a lack of various resources (6.3%).

Table 5.6 depicts the main findings of the survey. These findings, as well as those in Chapter 6 (Inferential Analysis), will be utilised in Chapter 7 as the basis for the findings and conclusions of the research.

5.4 CONCLUSION

In this chapter, use was made of descriptive analysis to assess the results of the survey. The descriptive statistics were used to analyse the firmographic and demographic information of the caterers in the sample, as well as the micro, market and macro environments of their businesses. The main findings of the study were summarised in a table at the end of the chapter.

The next chapter focuses on additional analyses in the form of inferential analysis to determine relationships and differences between the various variables.

CHAPTER 6:
INFERENTIAL DATA ANALYSIS AND INTERPRETATION

6.1 INTRODUCTION

The previous chapter used descriptive analysis to statistically report on the results of the quantitative research regarding the factors in the business environment that impact on small, medium and micro independent caterers (SMMICs) in Cape Town. The next stage of the data analysis process is to analyse the results further with the aid of inferential analysis.

Various tests were utilised where appropriate, namely, exploratory factor analysis, Categorical Principal Component Analysis (CATPCA), the Pearson correlation coefficient, and the non-parametric Kruskal-Wallis test.

Through these tests, the primary and secondary objectives of the research are addressed. The aim of the exploratory factor analysis and CATPCA is to identify the relationships in a large set of variables, while the Pearson correlation coefficient seeks to identify relationships existing between pairs of variables. The non-parametric Kruskal-Wallis one way analysis of variance by ranks test, and the parametric Student T-test for independent samples were used to test the hypotheses.

6.2 EXPLORATORY FACTOR ANALYSIS

Exploratory factor analyses were conducted on questions 12, 14, 15, 16 and 17 in the questionnaire with the aim of reducing the data to a smaller set of meaningful factors. In Question 12, the analysis focused on the micro environment, in particular, the qualities that managers of SMMICs possess. In Questions 14, 15 and 16 that dealt with the market environment, the focus was on customers, competitors, suppliers and intermediaries. In Question 17, which referred to the macro environment, the analysis considered the socio-cultural, technological, economic, physical, political-legal and international environments. For all the sections, principal axis factoring as extraction method, and promax, as rotation method were used.

The various sections are analysed below.

6.2.1 Micro-environment (General management)

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.801) larger than the acknowledged threshold of 0.6, and the Bartlett's Test of Sphericity which was significant ($p<0.001$), both indicated that a factor analysis was appropriate.

The analysis identified two factors, based on the eigenvalue criterion of eigenvalues greater than one, which explain 57.8% of the variance. The final factor loadings are shown below in Table 6.1.

Table 6.1: Factor loadings: General management

	Factor 1	Factor 2
Leadership skills	.583	
Negotiating skills	.588	
Organisational skills (setting up job categories, allocating authority, responsibility and accountability)	.708	
Time-management skills	.910	
Ability to manage stress	.664	
Knowledge of ingredients used in food	.503	
Knowledge of social and religious cultures which affect the business	.345	
Knowledge of social media use		.868
Networking skills		.772

Using Cronbach's alpha, the internal consistency (reliability) for the two factors was found to be 0.810 and 0.807, respectively, both above the recommended threshold of 0.7. The reliability of the two factors was thus deemed satisfactory.

The factors were labelled: i) General business skills, and ii) Networking and social media skills.

6.2.2 Market environment: Customers and competitors

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.775) greater than 0.6, and the Bartlett's Test of Sphericity, which was significant ($p<0.001$), both indicated that a factor analysis was appropriate.

The analysis identified two factors, based on the eigenvalue criterion of eigenvalues greater than one, which explains 53.6% of the variance. The final factor loadings are shown below in Table 6.2.

Table 6.2: Factor loadings: Customers and competitors

	Factor 1	Factor 2
Customers are more demanding with regard to wanting value for money	.371	
Customers have increased product knowledge (e.g. organic foods)		.639
Customers are more informed about various and alternative catering options available to them		.736
Customers switch caterers easily	.380	
There is a high degree of rivalry among existing competitors	.469	
New competitors (caterers) continually appear in the market	.677	
New types of competition, or competitive substitute products continually arise	.887	
Competitors are continually monitored (e.g. their pricing, menu items, services offered)	.511	

Using Cronbach's alpha, the internal consistency (reliability) for the two factors was found to be 0.757 and 0.637, respectively, with only the first factor above the recommended threshold of 0.7. However, given the exploratory nature of the research, values above 0.6 were also considered acceptable (Hair, Black, Babin & Anderson, 2010). The reliability of the two constructs was thus deemed to be satisfactory.

The factors were labelled: i) Customer demands and competitor challenges, and ii) Increased customer knowledge.

6.2.3 Market environment: Suppliers

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.609), and the Bartlett's Test of Sphericity, which was significant ($p<0.001$), both indicated that a factor analysis was appropriate.

The analysis identified two factors, based on the eigenvalue criterion of eigenvalues greater than one, which explains 70.0% of the variance. The final factor loadings are shown below in Table 6.3.

Table 6.3: Factor loadings: Suppliers

	Factor 1	Factor 2
Your suppliers pay particular attention to quality or standards		.555
Good working relationships and understanding of each other's responsibilities exist between you and your food suppliers		.955
A good and reasonably priced supply of catering equipment exists in Cape Town	.834	
A good and reasonably priced supply of food and beverage products exists in Cape Town	.816	
A good supply of catering IT systems (services ranging from hardware, software, installation and training) exists in Cape Town	.388	

Using Cronbach's alpha, the internal consistency (reliability) for the factors was found to be 0.704 (factor 1) and 0.713 (factor 2), both above the recommended threshold of 0.7. The reliability of the construct was thus deemed satisfactory.

Factor 2 was labelled as Supplier quality and relationships, and factor 1 as Satisfactory sources of supply.

6.2.4 Market environment: Intermediaries

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.727) and the Bartlett's Test of Sphericity, which was significant ($p<0.001$), both indicated that a factor analysis was appropriate.

The analysis identified one factor, based on the eigenvalue criterion of eigenvalues greater than one, which explains 46.8% of the variance.

The factor loadings are shown below in Table 6.4.

Table 6.4: Factor loadings: Intermediaries

	Factor
Wholesalers	.575
Bankers/banks	.834
Insurance agents	.670
Apps which link caterers and customers	.459
Agents such as wedding and event planners (facilitating business between the business and customers)	.322

Using Cronbach's alpha, the internal consistency (reliability) for the factor was found to be 0.706, above the recommended threshold of 0.7. The reliability of the construct was thus deemed satisfactory.

The factor was labelled as Intermediary impact.

6.2.5 Macro environment: Various factors

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.873) and the Bartlett's Test of Sphericity, which was significant ($p<0.001$), both indicated that a factor analysis was appropriate.

The analysis identified four factors, based on the eigenvalue criterion of eigenvalues greater than one, which explains 66.8% of the variance.

The final factor loadings are shown below in Table 6.5. The third item in the table had a factor loading of less than 0.3 and was not considered in further analyses.

Table 6.5: Factor loadings: Macro environmental factors

	Factor 1	Factor 2	Factor 3	Factor 4
Demographical changes, such as the increase in smaller families/increase in double income households		.306		
Consumers have less time available for food preparation		.503		
The trend toward more healthful eating/use of organic products/vegetarianism				
Easy access to the internet, mobile apps and social media by consumers (e.g. accessing caterers' websites, ordering meals, evaluating catering events)			.801	
Effects of the internet on caterers (e.g. new ideas and catering opportunities, faster speed in sourcing food products)			.792	
Technological changes in catering software (e.g. online reservation systems, creation of client accounts, stock figures, recipe management)			.553	
Unemployment levels/diminished disposable income of consumers		.544		
Current state of the economy		.833		
Economic impact of water scarcity		.720		
Trends in energy conservation (more efficient cooking, refrigeration, dishwasher and ventilation systems)				.681
Trends in waste management and recycling				.962
Trend in presenting businesses as 'caring for the environment'				.843
Regulations relating to food hygiene (e.g. licencing and certification of all food preparation facilities)	.882			
Regulations relating to labour issues (e.g. health and safety at work)	.850			
Regulations applying to transport of food	.913			
Latest catering trends in the international media		.308		
Customers gaining knowledge through international travel of other countries' foods and beverages		.437		

Using Cronbach's alpha, the internal consistency (reliability) for the four factors was found to be 0.931, 0.810, 0.751 and 0.889, respectively, all above the recommended

threshold of 0.7. The reliability of the four constructs was thus deemed satisfactory. The factors were labelled as i) Legal, ii) Socio-economic, iii) Technological, and iv) Environmental.

As shown above, the analysis of questions 12, 14, 15, 16 and 17 with exploratory factor analysis produced a total of 11 underlying factors. Factor-based variables were subsequently calculated. Further analyses were confined to these factors or variables.

The next section commences with determining the nature of the variables through factor descriptives.

6.3 FACTOR DESCRIPTIVES

Table 6.6 provides the descriptive information for the 11 factors identified. The descriptive information consists of the mean, median, standard deviation, skewness and kurtosis for each factor.

Table 6.6: Variable descriptives

	Q12F1 General business skills	Q12F2 Networking and social media skills	Q14F1 Customer demands and competitor challenges	Q14F2 Increased customer knowledge	Q15F1 Satisfactory sources of supply	Q15F2 Supplier quality and relationships	Q16F1 Intermediary Impact	Q17F1 Legal	Q17F2 Socio-economic	Q17F3 Technological	Q17F4 Environmental
N	112	112	112	112	112	112	112	112	112	112	112
Mean	4.5587	4.0402	2.8185	2.5804	3.4330	2.7798	2.1000	2.8006	2.5013	2.7262	2.5506
Median	4.7143	4.2500	2.8333	2.5000	3.5000	3.0000	2.0000	3.0000	2.4286	2.6667	2.3333
Std. Deviation	0.52254	1.01816	0.64046	0.69927	0.64548	0.71528	0.72385	1.07428	0.68659	0.81307	0.99318
Skewness	-1.962	-0.906	-0.157	0.352	-0.897	-0.218	0.666	-0.303	-0.080	-0.302	0.023
Kurtosis	4.726	0.045	-0.605	-0.520	-0.144	-0.367	-0.161	-1.287	-0.622	-0.745	-1.160

From Table 6.6, it can be seen that the factor Q16F1 has the lowest mean value (Me = 2.10). This indicates that, on average, intermediaries tend to sometimes impact caterers. The highest mean value is observed for the factor Q12F1 (Me = 4.56), indicating that the owners/managers tend to often or always possess general business skills.

For this study, the skewness values are between - 2 and + 2, while the kurtosis values for 10 of the 11 factors are between - 2 and + 2, indicating that a normal distribution can be assumed. The one factor with kurtosis values above + 2, indicates a slight deviation from normality. It is important to note that these deviations do not represent a major violation of the normal distribution assumption. In addition, where the assumption of normality is required, the reason why the variable can be used in the analysis will be provided, for example, tests can be robust to deviations from normality.

The median (or 50th percentile) indicates the middle value of the ratings when arranged in rank order (Saunders *et al.*, 2019:796). For 6 of the 11 factors, the median values are higher than the mean values, indicating that the mean values for the factors were potentially influenced by a few respondents who provided a low rating.

6.4 RELATIONSHIP ANALYSIS

Inferential statistics is done to determine the relationship between various factors or variables.

A correlation analysis was undertaken to provide an understanding of the strength and direction of the relationships between the 11 business environment factors that were previously identified. Pearson correlation coefficient tests enabled an understanding of the interrelationships between each pair of factors.

The results are summarised in Table 6.7.

Table 6.7: Pearson Correlation Coefficients

		Q12F1	Q12F2	Q14F1	Q14F2	Q15F1	Q15F2	Q16F1	Q17F1	Q17F2	Q17F3	Q17F4
Q12F1	Pearson Correlation	1										
	Sig. (2-tailed)											
Q12F2	Pearson Correlation	.378**	1									
	Sig. (2-tailed)	0,000										
Q14F1	Pearson Correlation	0,114	0,147	1								
	Sig. (2-tailed)	0,233	0,122									
Q14F2	Pearson Correlation	.191*	0,176	.408**	1							
	Sig. (2-tailed)	0,043	0,064	0,000								
Q15F1	Pearson Correlation	.295**	0,035	0,105	0,162	1						
	Sig. (2-tailed)	0,002	0,714	0,272	0,088							
Q15F2	Pearson Correlation	0,132	0,124	0,145	.195*	.293**	1					
	Sig. (2-tailed)	0,164	0,194	0,128	0,040	0,002						
Q16F1	Pearson Correlation	0,089	0,042	.236*	0,068	0,155	0,053	1				
	Sig. (2-tailed)	0,350	0,659	0,012	0,479	0,102	0,576					
Q17F1	Pearson Correlation	0,149	0,167	.314**	.195*	.232*	0,090	.446**	1			
	Sig. (2-tailed)	0,117	0,079	0,001	0,039	0,014	0,348	0,000				
Q17F2	Pearson Correlation	.186*	.265**	.389**	.461**	0,084	-0,084	.364**	.497**	1		

		Q12F1	Q12F2	Q14F1	Q14F2	Q15F1	Q15F2	Q16F1	Q17F1	Q17F2	Q17F3	Q17F4
	Sig. (2-tailed)	0,049	0,005	0,000	0,000	0,380	0,378	0,000	0,000			
Q17F3	Pearson Correlation	0,030	.289**	.349**	.271**	0,096	.203*	.215*	.371**	.439**	1	
	Sig. (2-tailed)	0,753	0,002	0,000	0,004	0,312	0,031	0,023	0,000	0,000		
Q17F4	Pearson Correlation	.187*	0,164	.250**	.405**	.227*	0,010	.294**	.598**	.599**	.428**	1
	Sig. (2-tailed)	0,048	0,085	0,008	0,000	0,016	0,915	0,002	0,000	0,000	0,000	

These are interpreted according to the thresholds of, below 0.3 as small, between 0.3 and 0.5 as moderate, and 0.5 and above as large (direction of relationship can be positive or negative). Positive strong and moderate relationships are listed below:

- Between General business skills, and Networking and social media skills (Q12F1 and Q12F2). – r = .378
- Between Customer demands, competitor challenges and Increased customer knowledge (Q14F1 and Q14F2). – r = .408
- Between Customer demands and competitor challenges and Legal (Q14F1 and Q17F1). - r = .314
- Between Customer demands and competitor challenges and Socio-economic (Q14F1 and Q17F2). – r = .389
- Between Customer demands and competitor challenges and Technological (Q14F1 and Q17F3). – r = .349
- Between Increased Customer knowledge and Socio-economic (Q14F2 and Q17F2). – r = .461
- Between Increased Customer knowledge and Environmental (Q14F2 and Q17F4). – r = .405
- Between Intermediary impact and Legal (Q16F1 and Q17F1). – r = .446
- Between Intermediary impact and Socio-economic (Q16F1 and Q17F2). – r = .364
- Between Legal and Socio-economic (Q17F1 and Q17F2). – r = .497
- Between Legal and Technological (Q17F1 and Q17F3). - r = .371
- Between Legal and Environmental (Q17F1 and Q17F4). - r = .598 (strong relationship)
- Between Socio-economic and Technological (Q17F2 and Q17F3). – r = .439

- Between Socio-economic and Environmental
  (Q17F2 and Q17F4). – r = .599 (strong relationship)
- Between Technological and Environmental
  (Q17F3 and Q17F4) - r = .428

6.5 DIFFERENCE TESTING

The next set of inferential analyses was conducted firstly, to determine if statistically significant differences exist with regard to the business environment factors between the different age groups, and also between the different roles or positions of the owners/managers.

6.5.1 Differences between the age groups and roles/positions of the owners/managers regarding impact of business environment factors

The hypotheses that were tested are:

H1:1: Differences exist concerning the business environment factors

H1A.1 between the age groups of the owners/managers

H1B.1 between the role/position groups

H1:0: Differences do not exist concerning the business environment factors

H1A.0 between the age groups of the owners/managers

H1B.0 between the role/position groups

The non-parametric Kruskal-Wallis one-way analysis of variance by ranks was used to test the above hypotheses. Non-parametric statistics is suitable when the variable being analysed does not conform to any known or continuous distribution (Zikmund, Babin, Carr, & Griffin, 2013:516). The Kruskal-Wallis test can be used when three or more independent groups need to be compared based on a single variable, and is applied when the sample groups are small, the distribution of the data is not a normal distribution or if the data type is ordinal.

Tables 6.8 and 6.9 (on the next page) show the results of the first and second hypotheses, regarding the age groups of the owners/managers, and the business environment factors and the role or position of the owners/managers, respectively.

Table 6.8: Kruskal-Wallis test for Age

	Q12F1	Q12F2	Q14F1	Q14F2	Q15F1	Q15F2	Q16F1	Q17F1	Q17F2	Q17F3	Q17F4
Kruskal-Wallis H	0.938	8.680	2.060	1.545	2.951	5.052	1.647	10.595	2.341	6.184	5.805
Df	3	3	3	3	3	3	3	3	3	3	3
Asymp. Sig.	0.816	0.034	0.560	0.672	0.399	0.168	0.649	0.014	0.505	0.103	0.122

a. Kruskal Wallis Test

b. Grouping Variable: age_4g

Table 6.9: Kruskal-Wallis test for Role/Position

	Q12F1	Q12F2	Q14F1	Q14F2	Q15F1	Q15F2	Q16F1	Q17F1	Q17F2	Q17F3	Q17F4
Kruskal-Wallis H	1.730	2.228	3.671	4.772	2.351	0.751	0.416	4.105	4.496	4.499	2.451
Df	2	2	2	2	2	2	2	2	2	2	2
Asymp. Sig.	0.421	0.328	0.160	0.092	0.309	0.687	0.812	0.128	0.106	0.105	0.294

a. Kruskal Wallis Test

b. Grouping Variable: owner_3g

The results listed in Table 6.8 indicate that there is a statistically significant difference, at the 5% level of significance between the age groups with regard to General business skills (Q12F2) and the macro environmental factor, Legal (Q17F1), ($p = 0.034$ and $p = 0.014$ respectively). None of the other factors show statistically significant differences (all the p values are above 0.1). Furthermore, the mean ranks indicate that the younger age groups (18 to 40 years) tend to possess Networking and social media skills more than the older (41 years and older) groups (mean ranks of 75.73 and 62.71 vs 50.6 and 50.03). See Table 103 in Appendix E.

Regarding the Legal factor (Q17F1), the mean ranks indicate that two age groups (18 to 30 years, and 41 to 50 years) tend to experience the impact of regulations more often (mean ranks of 77.85 and 61.48, respectively) than the other two age groups (31 to 40 and 51 plus) (mean ranks of 48.66 and 48.20, respectively). See Table 103 in Appendix E.

Thus the null hypothesis for the age groups of the owners/managers can be rejected for the General business skills and the Legal macro environmental factor.

The second hypothesis, regarding the business environment factors and the role or position of the owners/managers, was tested and the results are shown in Table 6.9 above.

The results indicate that there is a statistically significant difference, at the 10% level of significance, between the role or position of the owners/managers with regard to Increased customer knowledge (Q14F2), ($p = 0.092$). None of the other factors show statistically significant differences (all the p values are above 0.1).

The mean ranks indicate that the owners who are also full-time managers (mean rank of 63.92) tend to experience increased customer knowledge more often than the owners (mean rank of 59.75) and managers (full-time) (mean rank of 50.13). See Table 104 in Appendix E.

Thus the null hypothesis for the roles or positions of the owners/managers can be rejected for the Increased customer knowledge factor.

Inferential analyses were conducted, secondly, to determine if statistically significant differences exist with regard to the business environment factors between the groups as defined by the categories of gender, business location, size, and website variables.

The Student t-test for independent groups was used to determine the statistical significance of the differences between these groups, with a 5% level of significance.

6.5.2 Differences between males and females regarding impact of business environment factors

The first test was conducted to determine whether statistically significant differences exist between males and females concerning the impact of the business environment factors.

The hypotheses that were tested are:

H1: There is a statistically significant difference between the males and females with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between the males and females with regard to the impact of each of the business environment factors.

The mean and standard deviation of the business environment impact per group were as shown in Table 6.10 below.

Table 6.10: Mean and standard deviation for business environment impact factors per gender group

	Gender	N	Mean	Std. Deviation
Q12F1	Male	45	4.5746	.47915
	Female	67	4.5480	.55306
Q12F2	1.00	45	4.1111	.91632
	2.00	67	3.9925	1.08534
Q14F1	1.00	45	2.8037	.64578
	2.00	67	2.8284	.64155
Q14F2	1.00	45	2.7111	.66134
	2.00	67	2.4925	.71506
Q15F1	1.00	45	3.3111	.69322
	2.00	67	3.5149	.60284
Q15F2	1.00	45	2.6741	.61336
	2.00	67	2.8507	.77260
Q16F1	1.00	45	2.1689	.69407

	Gender	N	Mean	Std. Deviation
	2.00	67	2.0537	.74474
Q17F1	1.00	45	2.7704	1.12999
	2.00	67	2.8209	1.04338
Q17F2	1.00	45	2.4952	.63567
	2.00	67	2.5053	.72346
Q17F3	1.00	45	2.6963	.79716
	2.00	67	2.7463	.82896
Q17F4	1.00	45	2.5852	1.00543
	2.00	67	2.5274	.99180

The results of the Student t-test for independent groups with regards to the differences between males and females, with regard to the impact of each of the business environment factors are tabled below in Table 6.11.

Table 6.11: Student t-test: differences between males and females with regard to the impact of each of the business environment factors

Independent samples test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig.(2-tailed)
Q12F1	Equal variances assumed	0,550	0,460	0,263	110	0,793
	Equal variances not assumed			0,271	102,996	0,787
Q12F2	Equal variances assumed	1,549	0,216	0,602	110	0,548
	Equal variances not assumed			0,623	104,268	0,535
Q14F1	Equal variances assumed	0,424	0,516	-0,199	110	0,843
	Equal variances not assumed			-0,199	94,101	0,843

Independent samples test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig.(2-tailed)
Q14F2	Equal variances assumed	0,305	0,582	1,634	110	0,105
	Equal variances not assumed			1,659	99,377	0,100
Q15F1	Equal variances assumed	1,330	0,251	-1,651	110	0,102
	Equal variances not assumed			-1,606	85,366	0,112
Q15F2	Equal variances assumed	3,925	0,050	-1,285	110	0,201
	Equal variances not assumed			-1,344	106,851	0,182
Q16F1	Equal variances assumed	0,328	0,568	0,824	110	0,412
	Equal variances not assumed			0,836	98,924	0,405
Q17F1	Equal variances assumed	0,911	0,342	-0,243	110	0,808
	Equal variances not assumed			-0,239	89,298	0,812
Q17F2	Equal variances assumed	1,392	0,241	-0,076	110	0,940
	Equal variances not assumed			-0,078	102,261	0,938
Q17F3	Equal variances assumed	0,130	0,719	-0,318	110	0,751
	Equal variances not assumed			-0,320	97,009	0,750
Q17F4	Equal variances assumed	0,011	0,917	0,301	110	0,764
	Equal variances not assumed			0,300	93,642	0,765

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for 10 of the 11 factors. Therefore, the associated t-value and significance values for equal variances assumed will be used. In the case of Q15F2 (Supplier quality and relationships), the p-value is equal to 0.05, and we reject the null hypothesis of equal variances for this factor. In this case, the associated t-value and significance values for equal variances not assumed were used.

No statistically significant differences were found between males and females, as all p-values are above 0.05.

Therefore, the null hypothesis of no difference between males and females with regard to the business environment factors cannot be rejected.

Although the differences are not statistically significant, it is evident that males have higher scores for factors Q12F1 (General business skills), Q12F2 (Networking and social media skills), Q14F2 (Increased customer knowledge), Q16F1 (Intermediary Impact) and Q17F4 (Environmental).

Females have higher scores for factors Q14F1 (Customer demands and competitor challenges), Q15F1 (Satisfactory sources of supply), Q15F2 (Supplier quality and relationships), Q17F1 (Legal), Q17F2 (Socio-economic) and Q17F3 (Technological).

6.5.3 Differences between businesses located in houses versus business premises regarding impact of business environment factors

The second test was conducted to determine whether statistically significant differences exist between businesses located in houses versus business premises, concerning the impact of the business environment factors.

The hypotheses that were tested are:

H1: There is a statistically significant difference between businesses located in houses versus business premises with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between the businesses located in houses versus business premises with regard to the impact of each of the business environment factors.

The mean and standard deviation of the business environment impact per group are as shown in Table 6.12 below.

Table 6.12: Mean and standard deviation for business environment impact on location

Location		N	Mean	Std. Deviation
Q12F1	House	64	4.5692	0.50234
	Business Premises	48	4.5446	0.55341
Q12F2	1.00	64	4.0938	1.07598
	2.00	48	3.9688	0.94197
Q14F1	1.00	64	2.8932	0.64198
	2.00	48	2.7188	0.63129
Q14F2	1.00	64	2.6016	0.67952
	2.00	48	2.5521	0.73107
Q15F1	1.00	64	3.4453	0.62435
	2.00	48	3.4167	0.67896
Q15F2	1.00	64	2.7031	0.73970
	2.00	48	2.8819	0.67544
Q16F1	1.00	64	2.0875	0.76001
	2.00	48	2.1167	0.68022
Q17F1	1.00	64	2.7240	1.11040
	2.00	48	2.9028	1.02673
Q17F2	1.00	64	2.5670	0.71586
	2.00	48	2.4137	0.64243
Q17F3	1.00	64	2.7135	0.85422
	2.00	48	2.7431	0.76334
Q17F4	1.00	64	2.6771	1.04057
	2.00	48	2.3819	0.90960

The results of the Student t-test for independent groups with regards to the differences between location in houses versus business premises, with regard to the impact of each of the business environment factors are tabled in Table 6.13 below.

Table 6.13: Student t-test: differences between location in houses versus business premises

Independent Samples Test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig. (2-tailed)
Q12F1	Equal variances assumed	2.132	0.147	0.245	110	0.807
	Equal variances not assumed			0.242	95.757	0.810
Q12F2	Equal variances assumed	0.153	0.697	0.641	110	0.523
	Equal variances not assumed			0.654	107.322	0.515
Q14F1	Equal variances assumed	0.009	0.925	1.434	110	0.155
	Equal variances not assumed			1.437	102.279	0.154
Q14F2	Equal variances assumed	0.007	0.934	0.369	110	0.713
	Equal variances not assumed			0.365	97.197	0.716
Q15F1	Equal variances assumed	0.318	0.574	0.231	110	0.817
	Equal variances not assumed			0.229	96.549	0.820
Q15F2	Equal variances assumed	0.680	0.411	-1.314	110	0.192
	Equal variances not assumed			-1.331	105.749	0.186
Q16F1	Equal variances assumed	0.511	0.476	-0.210	110	0.834

Independent Samples Test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig. (2-tailed)
	Equal variances not assumed			-0.213	106.538	0.831
Q17F1	Equal variances assumed	1.355	0.247	-0.871	110	0.386
	Equal variances not assumed			-0.881	105.221	0.380
Q17F2	Equal variances assumed	1.130	0.290	1.171	110	0.244
	Equal variances not assumed			1.189	106.436	0.237
Q17F3	Equal variances assumed	1.393	0.240	-0.189	110	0.850
	Equal variances not assumed			-0.192	106.596	0.848
Q17F4	Equal variances assumed	4.630	0.034	1.566	110	0.120
	Equal variances not assumed			1.597	107.372	0.113

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for 10 of the 11 factors. Therefore, the associated t-value and significance values for equal variances assumed were used. In the case of Q17F4 (Environmental), the p-value is equal to 0.034 (less than 0.050) and we rejected the null hypothesis of equal variances for this factor. In this case, the associated t-value and significance values for equal variances not assumed were used.

No statistically significant differences were found between location in houses versus business premises, as all p-values are above 0.05.

Therefore, the null hypotheses of no difference between location in houses versus business premises with regard to the business environment factors cannot be rejected.

Although the differences are not statistically significant, it is evident that location in houses has higher scores for factors Q12F1 (General business skills), Q12F2 (Networking and social media skills), Q14F1 (Customer demands and competitor challenges), Q14F2 (Increased customer knowledge), Q15F1 (Satisfactory sources of supply), Q17F2 (Socio-economic) and Q17F4 (Environmental).

Location in businesses premises has higher scores for factors Q15F2 (Supplier quality and relationships), Q16F1 (Intermediary Impact), Q17F1 (Legal), and Q17F3 (Technological).

6.5.4 Differences between small and very small businesses regarding impact of business environment factors

The third test was conducted to determine whether statistically significant differences exist between small versus very small businesses, concerning the impact of the business environment factors.

The hypotheses that were tested are:

H1: There is a statistically significant difference between small versus very small businesses with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between small versus very small businesses with regard to the impact of each of the business environment factors.

The mean and standard deviation of the business environment impact per group were as shown in Table 6.14 below.

Table 6.14: Mean and standard deviation for business environment impact on size

Size		N	Mean	Std. Deviation
Q12F1	Small	29	4.4729	0.65588
	Very small	58	4.5493	0.50048
Q12F2	1.00	29	4.1034	0.93903
	2.00	58	3.9655	1.02539
Q14F1	1.00	29	2.8276	0.67330
	2.00	58	2.8075	0.66652
Q14F2	1.00	29	2.5690	0.66446
	2.00	58	2.4397	0.67589
Q15F1	1.00	29	3.2759	0.66260
	2.00	58	3.4483	0.66021
Q15F2	1.00	29	2.7241	0.78209
	2.00	58	2.8218	0.70425
Q16F1	1.00	29	2.1034	0.70228
	2.00	58	2.1000	0.75603
Q17F1	1.00	29	2.7126	1.06430
	2.00	58	2.7701	1.08365
Q17F2	1.00	29	2.3941	0.72708
	2.00	58	2.4557	0.65244
Q17F3	1.00	29	2.6552	0.66953
	2.00	58	2.7759	0.84555
Q17F4	1.00	29	2.4368	0.87787
	2.00	58	2.5862	0.95984

The results of the Student t-test for independent groups with regards to the differences between small and very small businesses, with regard to the impact of each of the business environment factors are tabled in Table 6.15 below.

Table 6.15: Student t-test: differences between small and very small businesses with regard to the impact of each of the business environment factors

Independent Samples Test						
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Q12F1	Equal variances assumed	2.049	0.156	-0.603	85	0.548
	Equal variances not assumed			-0.552	44.811	0.584
Q12F2	Equal variances assumed	0.352	0.554	0.608	85	0.545
	Equal variances not assumed			0.626	60.735	0.534
Q14F1	Equal variances assumed	0.010	0.921	0.132	85	0.895
	Equal variances not assumed			0.132	55.603	0.896
Q14F2	Equal variances assumed	0.047	0.829	0.846	85	0.400
	Equal variances not assumed			0.851	56.975	0.398
Q15F1	Equal variances assumed	0.004	0.950	-1.147	85	0.255
	Equal variances not assumed			-1.146	55.928	0.257
Q15F2	Equal variances assumed	0.094	0.761	-0.588	85	0.558
	Equal variances not assumed			-0.567	51.174	0.573
Q16F1	Equal variances assumed	0.077	0.783	0.021	85	0.984
	Equal variances not assumed			0.021	59.961	0.983
Q17F1	Equal variances assumed	0.228	0.634	-0.235	85	0.815

	Equal variances not assumed			-0.236	57.024	0.814
Q17F2	Equal variances assumed	0.173	0.679	-0.399	85	0.691
	Equal variances not assumed			-0.385	51.022	0.702
Q17F3	Equal variances assumed	4.654	0.034	-0.670	85	0.505
	Equal variances not assumed			-0.724	68.931	0.471
Q17F4	Equal variances assumed	1.485	0.226	-0.704	85	0.484
	Equal variances not assumed			-0.725	60.805	0.471

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for 10 of the 11 factors. Therefore, the associated t-value and significance values for equal variances assumed were used.

In the case of Q17F3 (Technological), the p-value is equal to 0.034 (less than 0.050) and we rejected the null hypothesis of equal variances for this factor. In this case, the associated t-value and significance values for equal variances not assumed were used.

No statistically significant differences were found between small and very small businesses, as all p-values are above 0.05.

Therefore, the null hypotheses of no difference between small and very small businesses with regard to the business environment factors cannot be rejected.

Although the differences are not statistically significant, it is evident that small businesses have higher scores for factors Q12F2 (Networking and social media skills), Q14F1 (Customer demands and competitor challenges), Q14F2 (Increased customer knowledge) and Q16F1 (Intermediary Impact).

Very small businesses have higher scores for factors Q12F1 (General business skills), Q15F1 (Satisfactory sources of supply), Q15F2 (Supplier quality and relationships), Q17F1 (Legal), Q17F2 (Socio-economic), Q17F3 (Technological) and Q17F4 (Environmental).

6.5.5 Differences between businesses that have actively maintained websites versus businesses that do not regarding impact of business environment factors

The fourth test was conducted to determine whether statistically significant differences exist between businesses that have actively maintained websites versus businesses that do not, concerning the impact of the business environment factors.

The hypotheses that were tested are:

H1: There is a statistically significant difference between businesses that have actively maintained websites versus businesses that do not with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between businesses that have actively maintained websites versus businesses that do not with regard to the impact of each of the business environment factors.

The mean and standard deviation of the business environment impact per group were as shown in Table 6.16 below.

Table 6.16: Mean and standard deviation for business environment impact on website

Website		N	Mean	Std. Deviation
Q12F1	Actively maintained website	65	4.5297	0.56679
	No website	47	4.5988	0.45726
Q12F2	1.00	65	4.0769	0.97320
	2.00	47	3.9894	1.08592
Q14F1	1.00	65	2.8000	0.62514
	2.00	47	2.8440	0.66703
Q14F2	1.00	65	2.6231	0.69051
	2.00	47	2.5213	0.71443
Q15F1	1.00	65	3.3692	0.65118
	2.00	47	3.5213	0.63381
Q15F2	1.00	65	2.7846	0.63309
	2.00	47	2.7730	0.82270
Q16F1	1.00	65	2.1077	0.73915
	2.00	47	2.0894	0.70994
Q17F1	1.00	65	2.7487	0.98254
	2.00	47	2.8723	1.19692
Q17F2	1.00	65	2.4813	0.70556
	2.00	47	2.5289	0.66602
Q17F3	1.00	65	2.6769	0.78389
	2.00	47	2.7943	0.85565
Q17F4	1.00	65	2.4667	0.92946
	2.00	47	2.6667	1.07452

The results of the Student t-test for independent groups with regards to the differences between businesses that have actively maintained websites versus those that do not with regard to the impact of each of the business environment factors are tabled in Table 6.17 below.

Table 6.17: Student t-test: differences between businesses that have actively maintained websites versus those that do not with regard to the impact of each of the business environment factors

Independent Samples Test						
		Levene's test for equality of variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig.(2-tailed)
Q12F1	Equal variances assumed	2.054	0.155	-0.689	110	0.492
	Equal variances not assumed			-0.713	108.623	0.477
Q12F2	Equal variances assumed	0.212	0.646	0.448	110	0.655
	Equal variances not assumed			0.440	92.516	0.661
Q14F1	Equal variances assumed	0.051	0.821	-0.357	110	0.722
	Equal variances not assumed			-0.353	95.343	0.725
Q14F2	Equal variances assumed	0.007	0.932	0.759	110	0.450
	Equal variances not assumed			0.755	97.242	0.452
Q15F1	Equal variances assumed	0.340	0.561	-1.233	110	0.220
	Equal variances not assumed			-1.239	100.808	0.218
Q15F2	Equal variances assumed	3.042	0.084	0.084	110	0.933
	Equal variances not assumed			0.081	82.902	0.936
Q16F1	Equal variances assumed	0.118	0.731	0.132	110	0.895
	Equal variances not assumed			0.133	101.536	0.895
Q17F1	Equal variances assumed	6.037	0.016	-0.599	110	0.550

	Equal variances not assumed			-0.581	86.917	0.563
Q17F2	Equal variances assumed	0.115	0.735	-0.360	110	0.719
	Equal variances not assumed			-0.364	102.455	0.717
Q17F3	Equal variances assumed	0.958	0.330	-0.753	110	0.453
	Equal variances not assumed			-0.742	93.914	0.460
Q17F4	Equal variances assumed	3.526	0.063	-1.052	110	0.295
	Equal variances not assumed			-1.028	90.251	0.307

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for 10 of the 11 factors. Therefore, the associated t-value and significance values for equal variances assumed were used. In the case of Q17F1 (Legal), the p-value is equal to 0.016 (less than 0.050) and we rejected the null hypothesis of equal variances for this factor. In this case, the associated t-value and significance values for equal variances not assumed were used.

No statistically significant differences were found between businesses with an actively maintained website versus those who do not, as all p-values are above 0.05.

Therefore, the null hypotheses of no difference between businesses with an actively maintained website versus those which do not, with regard to the business environment factors cannot be rejected.

Although the differences are not statistically significant, it is evident that businesses with active websites have higher scores for factors Q12F2 (Networking and social media skills), Q14F2 (Increased customer knowledge), Q15F2 (Supplier quality and relationships), and Q16F1 (Intermediary Impact).

Businesses with no active websites have higher scores for factors Q12F1 (General business skills), Q14F1 (Customer demands and competitor challenges), Q15F1 (Satisfactory sources of supply), Q17F1 (Legal), Q17F2 (Socio-economic) and Q17F3 (Technological) and Q17F4 (Environmental).

In summary, the impact of the business environment factors are thus very similar for both gender groups, whether a business is located in a house or business premises, whether they are small or very small businesses, and whether they have an actively maintained website or not.

6.6 CATEGORICAL PRINCIPAL COMPONENT ANALYSIS OF QUESTION 13

The Categorical Principal Component Analysis (CATPCA) was used to analyse the items of Question 13 that are related to the specific functional areas in the business.

The data collected from this question was analysed separately due to the different format of the responses (namely, yes, no and sometimes) if compared to questions 12, 14, 15, 16 and 17 in the questionnaire. Question 13 focuses on the absence or presence of various functional areas and resources in the micro environment of the caterers, such as marketing, operations and human resources.

The analysis identified three dimensions which explain 48.26% of the variance. These are depicted in Table 6.18 below. Only the highest component loading for each item in the relevant dimension is shown.

Table 6.18: Component loadings: Functional areas and resources

	Component 1	Component 2	Component 3
A marketing strategy		.577	
A strategy to determine customers' needs (e.g. assessing various trends in society which influence customers' needs)		.537	
A unique selling point/targets a specific niche market (specific group of customers)	.565		
Continual monitoring of customer satisfaction (feedback, sales figures, etc.)		.341	
A good reputation		.383	
Online services		.397	
Systems for receiving, storage, preparation and assembly of food, and for clearing and cleaning	.677		
Control of materials and production processes	.756		
Adherences to regulations and bargaining councils (labour rates) relating to SMMICs in Cape Town	.628		
Adequate skilled labour	.536		
Loyal and committed employees	.563		
Adequate financial resources, such as strong cash flow, low debt levels and good credit-rating			.516
Collection of information about suppliers, such as their reputation, knowledge of their products, their stock lists and their pricing policies	.630.		
Good transportation vehicles			.605

The components are labelled Operational areas and Labour matters (C1), Customer-focused strategies (C2), and Financial and Transportation resources (C3), due to the items loaded highest on that dimension.

Component variables, based on the transformed variables created through the CATPCA, were subsequently calculated. Further analyses were confined to these three variables. This commences with determining the nature of the variables below.

6.6.1 Component descriptives

Table 6.19 provides the descriptive information for the three component variables. The descriptive information consists of the mean, median, standard deviation, skewness and kurtosis for each variable.

Table 6.19: Variable descriptives

	C1	C2	C3
N Valid	112	112	112
Missing	0	0	0
Mean	0,0000	0,0000	0,0000
Median	0,2927	-0,0280	0,4027
Std. Deviation	0,65758	0,57185	0,81063
Skewness	-2,072	-1,079	-2,371
Kurtosis	4,171	2,584	5,092
Minimum	-2,71	-2,45	-2,99
Maximum	0,47	0,77	0,40

Although the variables display levels of skewness and kurtosis that are above the acknowledged thresholds to assume normality, it is not an assumption needed for the Student t-test or the non-parametric Kruskal-Wallis test.

6.6.2 Relationship analysis

Inferential statistics were done to determine the relationship between the three micro environmental components. A correlation analysis was undertaken to provide an understanding of the strength and direction of the relationships between the three components that were previously identified. Pearson correlation coefficient tests

enabled an understanding of the interrelationships between each pair of factors. The results are summarised in Table 6.20.

Table 6.20: Pearson Correlation Coefficients

		C1	C2	C3
C1	Pearson Correlation	1	.252**	.285**
	Sig. (2-tailed)		.007	.002
	N	112	112	112
C2	Pearson Correlation	.252**	1	.086
	Sig. (2-tailed)	.007		.369
	N	112	112	112
C3	Pearson Correlation	.285**	.086	1
	Sig. (2-tailed)	.002	.369	
	N	112	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

These are interpreted according to the thresholds of below 0.3 as small, between 0.3 and 0.5 as moderate, and 0.5 and above as large (direction of relationship can be positive or negative).

None of the components displayed moderate or large relationships, as all the Pearson correlation coefficients are below 0.3.

6.6.3 Difference testing

The next set of inferential analysis was conducted to firstly, determine if statistically significant differences exist with regard to the three functional dimensions and the different age groups, and also between the different roles or positions of the owners/ managers.

6.6.3.1 Differences between the age groups and roles/positions of the owners/managers regarding existence of three functional dimensions

The hypotheses that were tested are:

H1:1: Differences exist concerning the functional dimensions

H1A.1 between the age groups of the owners/managers

H1B.1 between the role/position groups

H1:0: Differences do not exist concerning the functional dimensions

H1A.0 between the age groups of the owners/managers

H1B.0 between the role/position groups

The first hypothesis regarding the age groups of the owners/managers was tested, and the results are shown in Table 6.21 below.

Table 6.21: Kruskal-Wallis test for age

	C1	C2	C3
Kruskal-Wallis H	5.734	4.397	8.708
Df	3	3	3
Asymp. Sig.	.125	.222	.033

a. Kruskal Wallis Test

b. Grouping Variable: age_4g

The results indicate that there is no statistically significant difference, at the 5% level of significance, between the age groups, as the p-values are above 0.1 for the first component, Operational areas and Labour matters (C1), as well as for the second component, Customer-focused strategies (C2). For the third component, Financial and Transportation resources (C3), there is a statistically significant difference at the 5% level of significance (p=0.033) between the age groups. From the mean ranks it is evident that the oldest age group (51 years and older), tends to have more of these resources in place than the younger groups (mean rank = 69.67 vs a mean rank range of between 48.86 and 57.54). See Table 105 in Appendix E.

Thus the null hypothesis for the age groups of the owners/managers, regarding the Financial and Transportation resources, can be rejected.

The second hypothesis, regarding the functional dimensions and the role or position of the owners/managers, was tested and the results are shown in Table 6.22 below.

Table 6.22: Kruskal-Wallis test for role/position

	C1	C2	C3
Kruskal-Wallis H	7.515	3.531	9.346
df	2	2	2
Asymp. Sig.	.023	.171	.009

a. Kruskal Wallis Test

b. Grouping Variable: owner_3g

The results indicate that there are statistically significant differences at the 5% and 1% level of significance, respectively, regarding Operational areas and Labour matters (C1) and Financial and Transportation resources (C3) between the role or position of the owners/managers (p-values of .023 and .009).

Regarding Operational areas and Labour matters (C1), it is evident that the full-time managers with insight into the strategic planning of the business tend to have more of these resources in place than the owners, or the owners who are full-time managers (mean rank = 77.21 vs mean rank range of 50.90 and 57.06 respectively). See Table 106 in Appendix E.

Regarding Financial and Transportation resources (C3), it is evident that the full-time managers with insight into the strategic planning of the business tend to have more of these resources in place than the owners, or the owners who are full-time managers (mean rank = 69.71 vs mean rank of 61.13 and 45.92, respectively). See Table 106 in Appendix E.

For the second component, Customer-focused strategies (C2), there was no statistically significant difference at the 5% level of significance (p-value above .01) between the role or position of the owners/managers.

Thus, the null hypothesis for the roles or positions of the owners/managers can be rejected regarding Operational areas and Labour matters (C1) and Financial and Transportation resources (C3).

Inferential analysis was conducted, secondly, to determine if statistically significant differences exist in terms of the functional dimensions between the groups with regard to website, gender, business location and size. The Student t-test for independent groups was used.

6.6.3.2 Differences between businesses that have actively maintained websites versus businesses that do not regarding existence of three functional dimensions

The first test was conducted to determine whether statistically significant differences exist between businesses that have actively maintained websites versus businesses that do not, concerning the existence of each of the three functional dimensions.

The hypotheses that were tested are:

H1: There is a statistically significant difference between businesses that have actively maintained websites versus businesses that do not, with regard to the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between businesses that have actively maintained websites versus businesses that do not, with regard to the existence of each of the three functional dimensions.

The mean and standard deviation of the three component dimensions per group are as shown in Table 6.23 below.

Table 6.23: Mean and standard deviation for functional dimension impact on website

Website		N	Mean	Std. Deviation
C3	Actively maintained website	65	.1447	.55200
	No website	47	-.2001	1.04463
C1	Actively maintained website	65	.0712	.58541
	No website	47	-.0985	.74130
C2	Actively maintained website	65	.0663	.55972
	No website	47	-.0916	.58175

The results of the Student t-test for the differences between businesses that have actively maintained websites versus those that do not, with regard to the existence of each of the functional dimensions, are tabled in Table 6.24 below.

Table 6.24: Student t-test: differences between businesses that have actively maintained websites versus those that do not with regard to the existence of each of the functional dimensions

Independent Samples Test						
		Levene's test for equality of variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
C3	Equal variances assumed	19.281	.000	2.262	110	.026
	Equal variances not assumed			2.063	64.558	.043
C1	Equal variances assumed	1.006	.318	1.353	110	.179
	Equal variances not assumed			1.303	84.491	.196
C2	Equal variances assumed	.211	.647	1.449	110	.150
	Equal variances not assumed			1.440	96.965	.153

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for two of the three dimensions. Therefore, the associated t-value and significance values for equal variances assumed were used. In the case of Financial and Transportation resources (C3), the p-value was equal to 0.000 (less than 0.050), and we rejected the null hypothesis of equal variances for this functional dimension. In this case, the associated t-value and significance values for equal variances not assumed were used.

Statistically significant differences, at the 5% level of significance, were found between businesses that have actively maintained websites versus those that do not, with regard to Financial and Transportation resources (C3), (p-value < 0.05).

Therefore, the null hypotheses of no difference between businesses that have an actively maintained website versus those that do not, with regard to Financial and Transportation resources (C3) can be rejected.

6.6.3.3 Differences between males and females regarding existence of three functional dimensions

The second test was conducted to determine whether statistically significant differences exist between males and females concerning the existence of each of the three functional dimensions.

The hypotheses that were tested are:

H1: There is a statistically significant difference between the males and females with regard to the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between the males and females with regard to the existence of each of the three functional dimensions.

The mean and standard deviation of the three component dimensions per group are as shown in Table 6.25 below.

Table 6.25: Mean and standard deviation for functional dimension impact per gender group

Gender		N	Mean	Std. Deviation
C3	Male	45	.0365	.74205
	Female	67	-.0245	.85821
C1	Male	45	.1434	.43274
	Female	67	-.0963	.76089
C2	Male	45	-.0017	.57554
	Female	67	.0012	.57370

The results of the Student t-test for the differences between males and females with regard to the existence of each of the three functional dimensions are tabled in Table 6.26 below.

Table 6.26: Student t-test: differences between males and females with regard to the existence of each of the three functional dimensions

Independent Samples Test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig. (2-tailed)
C3	Equal variances assumed	.863	.355	.389	110	.698
	Equal variances not assumed			.401	103.097	.689
C1	Equal variances assumed	9.087	.003	1.914	110	.058
	Equal variances not assumed			2.118	107.484	.036
C2	Equal variances assumed	.005	.944	-.026	110	.979
	Equal variances not assumed					.979

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for two of the three functional dimensions. Therefore, the associated t-value and significance values for equal variances assumed were used. In the case of Operational areas and Labour matters (C1), the p-value was equal to 0.003 (less than 0.050), and we rejected the null hypothesis of equal variances for this functional dimension. In this case, the associated t-value and significance values for equal variances not assumed were used.

Statistically significant differences, at the 5% level of significance, were found between males versus females with regard to Operational areas and Labour matters (C1), (p-value < 0.05).

Therefore, the null hypotheses of no difference between the males and females with regard to Operational areas and Labour matters (C1) can be rejected.

6.6.3.4 Differences between businesses located in houses versus business premises regarding existence of three functional dimensions

The third test was conducted to determine whether statistically significant differences exist between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions.

The hypotheses that were tested are:

H1: There is a statistically significant difference between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions.

The mean and standard deviation of the three component dimensions per group are as shown in Table 6.27 below.

Table 6.27: Mean and standard deviation for functional dimension impact on location

LOCATION		N	Mean	Std. Deviation
C3	Houses	64	-.1191	.90455
	Business Premises	48	.1588	.64040
C1	Houses	64	-.0985	.70834
	Business Premises	48	.1314	.56376
C2	Houses	64	-.0263	.58501
	Business Premises	48	.0350	.55800

The results of the Student t-test for the differences between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions are tabled in Table 6.28 below.

Table 6.28: Student t-test: differences between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions.

Independent Samples Test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig.(2-tailed)
C3	Equal variances assumed	12.004	.001	-1.813	110	.072
	Equal variances not assumed			-1.902	109.681	.060
C1	Equal variances assumed	2.417	.123	-1.851	110	.067
	Equal variances not assumed			-1.912	109.581	.059
C2	Equal variances assumed	.008	.927	-.560	110	.577
	Equal variances not assumed			-.564	103.803	.574

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for two of the three functional dimensions. Therefore, the associated t-value and significance values for equal variances assumed were used. In the case of Financial and Transportation resources (C3), the p-value was equal to 0.001 (less than 0.050), and we rejected the null hypothesis of equal variances for this functional dimension. In this case, the associated t-value and significance values for equal variances not assumed were used.

Statistically significant differences, at the 10% level of significance, were found between businesses located in houses versus those located in business premises with regard to Financial and Transportation resources (C3), (p value < 0.10).

Therefore, the null hypotheses of no difference between businesses located in houses versus business premises with regard to Financial and Transportation resources (C3) can be rejected.

Statistically significant differences were also found, at the 10% level of significance, between businesses located in houses versus those located in business premises with regard to Operational areas and Labour matters (C1), (p value < 0.10).

Therefore, the null hypotheses of no difference between businesses located in houses versus business premises with regard to Operational areas and Labour matters (C1) can be rejected.

6.6.3.5 Differences between small and very small businesses regarding existence of three functional dimensions

The fourth test was conducted to determine whether statistically significant differences exist between small versus very small businesses concerning the existence of each of the three functional dimensions.

The hypotheses that were tested are:

H1: There is a statistically significant difference between small versus very small businesses concerning the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between small versus very small businesses concerning the existence of each of the three functional dimensions.

The mean and standard deviation of the three component dimensions per group are as shown in Table 6.29 below.

Table 6.29: Mean and standard deviation for functional dimension impact on size

SIZE		N	Mean	Std. Deviation
C3	Small	29	.0668	.82811
	Very small	58	.0143	.77544
C1	Small	29	.1514	.53986
	Very small	58	-.0833	.73409
C2	Small	29	.1732	.46533
	Very small	58	-.0525	.65892

The results of the Student t-test for the differences between small and very small businesses with regard to the existence of each of the three functional dimensions are tabled in Table 6.30 below.

Table 6.30: Student t-test: differences between small and very small businesses with regard to the existence of each of the three functional dimensions

Independent Samples Test						
		Levene's test for equality of variances		t-test for equality of means		
		F	Sig.	t	df	Sig. (2-tailed)
C3	Equal variances assumed	.023	.880	.291	85	.772
	Equal variances not assumed			.285	52.935	.777
C1	Equal variances assumed	2.660	.107	1.526	85	.131
	Equal variances not assumed			1.688	73.039	.096
C2	Equal variances assumed	1.254	.266	1.648	85	.103
	Equal variances not assumed			1.846	75.171	.069

The null hypothesis of equal variances cannot be rejected (p-values all above 0.05) for all of the three functional dimensions, as in all three cases the p-values are greater than 0.050.

No statistically significant differences were found between small and very small businesses with regard to all three functional dimensions (p-value < 0.05).

Therefore, the null hypothesis that there is no statistically significant difference between small versus very small businesses concerning the existence of each of the three functional dimensions cannot be rejected.

6.7 SUMMARY OF THE FINDINGS

The findings in the survey regarding the inferential analyses are summarised in Table 6.31 below.

Table 6.31: Summary of the findings

MAIN FINDINGS

Questions 12, 14, 15, 16, 17 **RELATIONSHIP ANALYSIS**	
Moderate relationships (between 0.3 and 0.5) exist between:	
General business skills, and Networking and social media skills	Q12F1 and Q12F2
Between Customer demands and competitor challenges and Increased customer knowledge	Q14F1 and Q14F2
Customer demands and competitor challenges and Legal	Q14F1 and Q17F1
Between Customer demands and competitor challenges and Socio-economic	Q14F1 and Q17F2
Customer demands and competitor challenges and Technological	Q14F1 and Q17F3
Increased Customer knowledge and Socio-economic	Q14F2 and Q17F2
Increased Customer knowledge and Environmental	Q14F2 and Q17F4
Intermediary impact and Legal	Q16F1 and Q17F1
Intermediary impact and Socio-economic	Q16F1 and Q17F2
Legal and Socio-economic	Q17F1 and Q17F2
Legal and Technological	Q17F1 and Q17F3
Socio-economic and Technological	Q17F2 and Q17F3
Technological and Environmental	Q17F3 and Q17F4
Positive strong relationships (0.5 and above) exist between:	
Legal and Environmental	Q17F1 and Q17F4
Socio-economic and Environmental	Q17F2 and Q17F4

DIFFERENCE TESTING
The objective was to determine if statistically significant differences exist between the different age groups and also between the different roles or positions of the owners/ managers with regard to the business environment factors. The non-parametric Kruskal-Wallis one-way analysis of variance by ranks was used to test the hypotheses. **Hypotheses:** H1:1: Differences exist concerning the business environment factors H1A.1 between the age groups of the owners/managers H1:0: Differences do not exist concerning the business environment factors H1A.0 between the age groups of the owners/managers

- The results indicate that there is a statistically significant difference, at the 5% level of significance, between the age groups with regard to General business skills (Q12F1) and the macro environmental factor, Legal (Q17F1).
- None of the other factors show statistically significant differences.
- Furthermore, the mean ranks indicate that the younger age groups (18 to 40 years) tend to possess Networking and social media skills more than the older (41 years and older) groups.
- Regarding the Legal factor (Q17F1), the mean ranks indicate that two age groups (18 to 30 years and 41 to 50 years) tend to experience the impact of regulations more often than the other two age groups (31 to 40 and 51 plus).

Thus the null hypothesis for the age groups of the owners/managers can be rejected for the General business skills and the Legal macro environmental factor.

Hypothesis:

H1:1: Differences exist concerning the business environment factors

H1B.1 between the role/position groups

H1:0: Differences do not exist concerning the business environment factors

H1B.0 between the role/position groups

The results indicate that there is a statistically significant difference, at the 10% level of significance, between the role or position of the owners/managers with regard to Increased customer knowledge (Q14F2).

None of the other factors show statistically significant differences.

The mean ranks indicate that the owners who are also full-time managers tend to experience increased customer knowledge more often than the owners.

Thus the null hypothesis for the roles or positions of the owners/managers can be rejected for the Increased customer knowledge factor.

Inferential analysis was also conducted to determine if statistically significant differences exist with regard to the business environment factors between the groups as defined by the categories of gender, business location, size, and website variables.

The Student t-test for independent groups was used to determine the statistical significance of the differences between these groups. A 5% level of significance was used.

Hypotheses:

H1: There is a statistically significant difference between the males and females with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between the males and females with regard to the impact of each of the business environment factors.

No statistically significant differences were found between males and females.

Although the differences are not statistically significant, it is evident that males have higher scores for the following factors:

- Q12F1 (General business skills),
- Q12F2 (Networking and social media skills),
- Q14F2 (Increased customer knowledge),
- Q16F1 (Intermediary impact), and
- Q17F4 (Environmental).

While females have higher scores for the following factors:

- Q14F1 (Customer demands and competitor challenges),
- Q15F1 (Satisfactory sources of supply),
- Q15F2 (Supplier quality and relationships),
- Q17F1 (Legal), Q17F2 (Socio-economic), and
- Q17F3 (Technological).

Hypotheses:

H1: There is a statistically significant difference between businesses located in houses versus business premises with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between the businesses located in houses versus business premises with regard to the impact of each of the business environment factors.

No statistically significant differences were found between locations in houses versus business premises. Although the differences are not statistically significant, it is evident that location in houses has higher scores for the following factors:

- Q12F1 (General business skills),
- Q12F2 (Networking and social media skills),
- Q14F1 (Customer demands and competitor challenges),
- Q14F2 (Increased customer knowledge),
- Q15F1 (Satisfactory sources of supply),
- Q17F2 (Socio-economic) and
- Q17F4 (Environmental).

While location in businesses premises has higher scores for factors:

- Q15F2 (Supplier quality and relationships),
- Q16F1 (Intermediary impact),
- Q17F1 (Legal) and
- Q17F3 (Technological).

Hypotheses:

H1: There is a statistically significant difference between small versus very small businesses with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between small versus very small businesses with regard to the impact of each of the business environment factors.

No statistical significant differences were found between small and very small businesses. Although the differences are not statistically significant, it is evident that small businesses have higher scores for the following factors:

- Q12F2 (Networking and social media skills),
- Q14F1 (Customer demands and competitor challenges),
- Q14F2 (Increased customer knowledge), and
- Q16F1 (Intermediary impact).

While very small businesses have higher scores for the following factors:

- Q12F1 (General business skills),
- Q15F1 (Satisfactory sources of supply),

- Q15F2 (Supplier quality and relationships),
- Q17F1 (Legal),
- Q17F2 (Socio-economic),
- Q17F3 (Technological), and
- Q17F4 (Environmental).

Hypotheses:

H1: There is a statistically significant difference between businesses that have actively maintained websites versus businesses that do not with regard to the impact of each of the business environment factors.

H0: There is no statistically significant difference between businesses that have actively maintained websites versus businesses that do not with regard to the impact of each of the business environment factors.

No statistically significant differences were found between businesses that have an actively maintained website versus those that do not. Although the differences are not statistically significant, it is evident that businesses with active websites have higher scores for the following factors:

- Q12F2 (Networking and social media skills),
- Q14F2 (Increased customer knowledge),
- Q15F2 (Supplier quality and relationships), and
- Q16F1 (Intermediary impact).

While businesses with no active websites have higher scores for the following factors:

- Q12F1 (General business skills),
- Q14F1 (Customer demands and competitor challenges),
- Q15F1 (Satisfactory sources of supply),
- Q17F1 (Legal), Q17F2 (Socio-economic),
- Q17F3 (Technological), and
- Q17F4 (Environmental).

In summary, the impact of the business environment factors are very similar for both gender groups, whether the business is located in a house or business premises, whether they are small or very small businesses, and whether they have an actively maintained website or not.

Question 13: CATPCA (Categorical Principal Component Analysis)

Question 13 focused on the presence or absence of various functional areas and resources in the micro environment of the caterers, such as marketing, operations and human resources. The components identified are Operational areas and Labour matters (C1), Customer-focused strategies (C2), and Financial and Transportation resources (C3), due to the items loaded highest on that dimension.

RELATIONSHIP ANALYSIS

None of the components displayed moderate or large relationships, as all the Pearson correlation coefficients are below 0.3.

DIFFERENCE TESTING

1. The objective was to determine if statistically significant differences exist with regard to the three functional dimensions between the different age groups, and also between the different roles or positions of the owners/ managers.

Hypotheses:

H1:1: Differences exist concerning the functional dimensions

H1A.1 between the age groups of the owners/managers

H1:0: Differences do not exist concerning the functional dimensions

H1A.0 between the age groups of the owners/managers

The results indicate that there was no statistically significant difference, at the 5% level of significance, between the age groups for the first component, Operational areas and Labour matters (C1) and for the second component, Customer-focused strategies (C2).

For the third component, Financial and Transportation resources (C3) there was a statistically significant difference, at the 5% level of significance, between the age groups. From the mean ranks it is evident that the oldest age group (51 years and older) tend to have more of these resources in place than the younger groups.

Thus the null hypothesis for the age groups of the owners/managers, regarding the Financial and Transportation resources, can be rejected.

Hypotheses:

H1:1: Differences exist concerning the functional dimensions

H1B.1 between the role/position groups

H1:0: Differences do not exist concerning the functional dimensions

H1B.0 between the role/position groups

The results indicate that there are statistically significant differences, at the 1% and 5% level of significance, respectively, regarding Operational areas and Labour matters (C1), and Financial and Transportation resources (C3) between the role or position of the owners/managers.

Regarding Operational areas and Labour matters (C1), it is evident that the full-time managers with insight into the strategic planning of the business tend to have more of these resources in place than the owners or the owners who are full-time managers.

Regarding Financial and Transportation resources (C3), it is evident that the full-time managers with insight into the strategic planning of the business tend to have more of these resources in place than the owners or the owners who are full-time managers.

In terms of the second component, Customer-focused strategies (C2) there is no statistically significant difference, at the 5% level of significance, between the role or position of the owners/managers.

Thus the null hypothesis for the roles or positions of the owners/managers can be rejected regarding Operational areas and Labour matters (C1) and Financial and Transportation resources (C3).

2. The objective was to determine if statistically significant differences exist with regard to the functional dimensions between the groups with regard to website, gender, business location and size. The Student t-test for independent groups was used.

Hypotheses:

H1: There is a statistically significant difference between businesses that have actively maintained websites versus businesses that do not with regard to the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between businesses that have actively maintained websites versus businesses that do not with regard to the existence of each of the three functional dimensions.

Statistically significant differences were found between businesses that have an actively maintained website versus those that do not, with regard to Financial and Transportation resources (C3).

Therefore, the null hypotheses of no difference between businesses that have an actively maintained website versus those that do not with regard to Financial and Transportation resources (C3) can be rejected.

Hypotheses:

H1: There is a statistically significant difference between the males and females with regard to the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between the males and females with regard to the existence of each of the three functional dimensions.

Statically significant differences were found between businesses with males versus those with females with regard to Operational areas and Labour matters (C1).

Therefore, the null hypotheses of no difference between the males and females with regard to Operational areas and Labour matters (C1) can be rejected.

Hypotheses:

H1: There is a statistically significant difference between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between businesses located in houses versus business premises concerning the existence of each of the three functional dimensions.

Statistically significant differences were found between businesses located in houses versus those located in business premises with regard to Financial and Transportation resources (C3).

Therefore, the null hypotheses of no difference between businesses located in houses versus business premises with regard to Financial and Transportation resources (C3) can be rejected.

Statistically significant differences were also found, at the 10% level of significance, between businesses located in houses versus those located in business premises with regard to Operational areas and Labour matters (C1).

Therefore, the null hypotheses of no difference between businesses located in houses versus business premises with regard to Operational areas and Labour matters (C1) can be rejected.

Hypotheses:

H1: There is a statistically significant difference between small versus very small businesses concerning the existence of each of the three functional dimensions.

H0: There is no statistically significant difference between small versus very small businesses concerning the existence of each of the three functional dimensions.

No statistically significant differences were found between small and very small businesses with regard to all three functional dimensions.

Therefore, the null hypothesis that there is no statistically significant difference between small versus very small businesses concerning the existence of each of the three functional dimensions cannot be rejected.

The table above depicts the main findings of the survey with regard to the inferential analysis. These findings, along with the findings in relation to the descriptive analysis, will be utilised in the next chapter as a basis for the findings and conclusions of the research.

6.8 CONCLUSION

In this chapter, use was made of inferential analysis to assess the results of the survey by determining relationships and differences between various variables. The main findings of the inferential analysis were summarised in a table at the end of the chapter.

The next chapter, Chapter 7, focuses on the final conclusions that will address the main aims and objectives of the research. Various recommendations are also made based on these conclusions.

CHAPTER 7:
CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

In Chapters 5 and 6 the results and analysis of the research regarding the business environment of small, medium and micro independent caterers (SMMICs) in Cape Town were discussed. In Chapter 7, the research project is concluded. It commences with a review of the research aim and objectives, after which the main findings are outlined, conclusions are drawn, and recommendations are made. The limitations of the study are also addressed and suggestions for further research are offered. A final conclusion is then presented.

7.2 ADDRESSING THE RESEARCH AIM AND OBJECTIVES

The primary objective of this research study is to determine the impact of the business environment on SMMICs in Cape Town. Based on the three components which make up the business environment, the secondary objectives of the research are the following:

- To analyse the micro environment of SMMICs in Cape Town.
- To analyse the market environment of SMMICs in Cape Town.
- To analyse the macro environment of SMMICs in Cape Town.
- To identify the strengths, weaknesses, opportunities and threats (SWOT) in the business environment of SMMICs in Cape Town.
- To determine the relationships between the micro, macro and market business environment factors and functional dimensions, respectively
- To determine if differences exist between the categories of different demographic and company variables with regard to the business environment factors and functional dimensions.

Chapters 2 and 3 analysed the micro, market and macro components. The analysis of the micro environment focused on the vision, mission and objectives of the business, the managerial qualities of the manager or owner, the functional areas in the business

(for example, marketing, operations, staffing and finance), and on the resources of the business.

The analysis of the market environment focused on the customers, competitors, suppliers and intermediaries of the business, while the macro environment focused on socio-cultural, technological, economic, political-legal, physical, and international factors. In addition, based on the replies of the respondents, the strengths and weaknesses in the micro environment, and the opportunities and threats in the market and macro environments of the SMMICs were determined.

A descriptive study was selected as the research process to investigate the primary and secondary objectives. A questionnaire was designed and administered via an online survey. The questions were related to firmographic details of the SMMICs, demographic information of the respondents, and the micro, market and macro environments of the SMMICs. Further details of the research methodology were provided in Chapter 4.

The collected data was analysed using descriptive statistics (Chapter 5) and inferential statistics (Chapter 6). The main findings were also summarised in those chapters. In Chapter 7, the focus is on the conclusions that can be drawn and recommendations that can be made, based on the findings of the study.

7.3 FINDINGS, CONCLUSIONS AND RECOMMENDATIONS BASED ON THE ANALYSIS OF THE RESEARCH

The main findings with regard to the firmographic profile of the SMMICs and the demographic profile of the respondents are outlined below. The key findings in respect of the micro, market and macro environments of the SMMICs are subsequently discussed, and relevant conclusions drawn and recommendations made, based on the findings.

7.3.1 Firmographic profile of the SMMICs

The main findings with regard to the firmographic profile of the SMMICs are presented in Table 7.1 below. The information in the majority category is emphasised, while the secondary category is included for extra information.

Table 7.1: Firmographic profile of the SMMICs

Variable	Majority category	Main Trend	Secondary Category	Secondary Trend
Locations	55	____	____	____
Premises	Homes	57.1%	Business premises	42.9%
Number of years in operation	5 - 12 years	35.7%	1 – 4 years	34.8%
Forms of promotion	Facebook	85.7%	Actively maintained websites	58.%
Size	Very small	53.2%	Small	26.6%
Number of Employees	Part-time employees	7.1 (mean)	Seasonal employees	5.1 (mean)
Members of an association	None	89.3%	SA Chefs Other	4.5% 4.5%
Contribution (%) to revenue (type of catering)	Social catering	52.3% (mean)	Business catering	48.2% (mean)
Contribution (%) to revenue (venue)	Off-premise	52.9% (mean)	On premise	47.1% (mean)
Contribution (%) to revenue (type of event)	Midscale events	44.8% (mean)	Budget events	30.2% (mean)

As can be seen from the table, the SMMICs are located in 55 locations (towns or suburbs). The majority have their business located in their homes (57.1%) and have been in operation for between five to twelve years (35.7%). Most use Facebook as a form of promotion (85.7%). Most are very small (53.2%), have more part-time employees than full-time or seasonal employees (mean of 7.1), and do not belong to any organisation (89.3%). The biggest contributions to revenue come from social catering (mean of 52.3%), from off-premise catering (mean of 52.9%), and from midscale events (mean of 44.8%).

7.3.2 Demographic profile of the respondents

The demographic profile of the respondents is presented in Table 7.2 below. The information in the majority category is emphasised, while the secondary category is included for extra information.

Table 7.2: Demographic profile of the respondents

Variable	Majority category	Percentage	Secondary category	Percentage
Gender	Female	59.8%	Male	40.2%
Age group	41-50	35.7%	51+	26.8%
Roles or positions	Owners or owners who are also managers	87.5%	Full-time managers	12.5%
Number of years in the role or position	1-4 years	36.6%	5-10 years	35.7%

As can be seen from the table, the majority of the respondents are female (59.8%), fall within the 41-50 age group (35.7%), are the owners or owners who are also managers of the business (87.5%), and have been in the role or position for between one to four years (36.6%).

In the next section, conclusions are derived and recommendations made for the SMMICs with regard to their micro environment.

7.3.3 Conclusions and recommendations related to the micro environment of SMMICs

The micro environment of a business can also be referred to as its internal environment and it is under the full control of the business (Hermann & Du Plessis, 2016:14). The original discussion of this environment is found in the literature review in Chapter 3 (Section 3.3), while the conclusions are based on the descriptive analysis of the data in Chapter 5 (Section 5.2.3 and Table 5.36).

The factors in the micro environment are discussed below in terms of findings, conclusions and recommendations of the research.

7.3.3.1 Mission statements, vision statements, goals and objectives

As explained in the literature review (Section 3.3.1), research on SMEs in South Africa indicates that they have high levels of business performance when they invest in mission and vision statements, engage in environmental scanning, and formally carry out strategic planning (Sandada, 2014:65).

The results show that 77.7% of the SMMICs have goals and objectives, while just under 60% have mission and vision statements.

Conclusions and recommendations:

These somewhat lower than expected figures, especially regarding mission and vision statements, indicate that a fair number of SMMICs may not be operating at optimum performance, since they would not display the needed focus and direction that mission and vision statements and also goals and objectives provide.

It is recommended that all owners/managers of SMMICs devote time to draw up goals and objectives and mission and vision statements. These should be revisited annually to take into account changes which occur in the business environment.

7.3.3.2 Qualities of the owner or manager

The respondents were asked to indicate the extent to which they exhibit the various skills that owners/managers of SMMICs typically have, according to Mattel (2016:5), as indicated in Section 3.3.2.1.

The main findings are:

- The following skills were rated quite highly (80% and more of respondents answered ‘often’ and ‘always’):
  - Knowledge of ingredients used in food,
  - Leadership skills,
  - Organisational skills,
  - Time-management skills,
  - Ability to manage stress, and
  - Negotiating skills.
- Two skills rated comparatively lower were:
  - Knowledge of social media use (70.5%), and
  - Networking skills (67.8%).

As noted in Section 3.3.2.1, networking is listed as one of the qualities of a successful caterer (Mattel, 2016:5).

Conclusions and recommendations:

Regarding social media, it appears that, although 85.7% of the SMMICs are represented on Facebook, some owners/managers may have knowledge, financial or time constraints in utilising additional forms of social media in promoting to, and interacting with customers. The same could apply to networking.

It is recommended that more owners/managers investigate and implement, if applicable, various other forms of social media (for example, Instagram, Pinterest and Twitter) in interacting and networking with customers.

Local networking can be improved by, for example, linking up with other service providers in the area, by giving donations in the community, and by actively seeking referrals locally.

7.3.3.3 Functional areas and resources of the business

The respondents were asked whether various functional areas and resources are present in their businesses.

The main findings are:

- The following areas received high ratings (80% and more of respondents answered 'yes' or 'sometimes'):
  - A good reputation,
  - Control of materials and production processes,
  - Systems for receiving, storage, preparation, assembly of food, clearing, cleaning, and
  - Monitoring of customer satisfaction.
- Responses of between 70% and 80% were indicated for:
  - Loyal and committed employees,
  - Good transportation vehicles,
  - Adherence to regulations and bargaining councils (labour rates) relating to SMMICs in Cape Town,
  - Sufficient knowledge of suppliers, and

  - Possession of adequate skilled labour.
- Rated progressively lower (60% and less) were:
  - Adequate financial resources,
  - Strategy to determine customers' needs,
  - Unique selling point or targeting a specific niche market,
  - Marketing strategy, and
  - Online services.

Conclusions and recommendations:

While many of the ratings can be considered satisfactory, it appears that some of the SMMICs have challenges (and thus weaknesses), particularly in the areas of finance, marketing and online services.

Recommendations for these latter areas are:

- *It is recommended that all areas pertaining to finances be examined, especially with regard to budgeting, costs, invoicing, cash flow and accounting practices.*
- *Recommendations with regard to marketing initiatives include conducting surveys to determine customers' wants and needs, and investigating ways in which to satisfy them.*
- *Attempts could be made to create a unique selling point or niche market, for example, innovating traditional dishes, creating special desserts, targeting children with special menus, or fulfilling special dietary requests with appetising dishes.*
- *Formal marketing strategies could be developed by doing market research, identifying target markets, developing relevant products and services and distribution methods, and setting up promotional campaigns.*
- *Since business transactions and services are moving progressively online, more attention could be paid to ways of utilising online services, such as increasing the use of social media, by setting up or regularly updating websites and blogs, and by having customers order or make reservations online.*

- *The SMMICs could also start or increase the buying of items, as well as services (for example, marketing and accounting) online.*

7.3.4 Conclusions and recommendations related to the market environment of SMMICs

The market environment, also called the task environment, is influenced by the macro environment, and it in turn, influences the business organisation. The factors in this environment include consumers, suppliers, intermediaries and competitors (Hermann & Du Plessis, 2016:14). The original discussion of the environment is found in the literature review in Chapter 3 (Section 3.4), while the conclusions are based on the results found in the descriptive analysis of the data in Chapter 5 (Section 5.2.4 and Table 5.36).

The factors in the environment are discussed below in terms of findings, conclusions and recommendations.

7.3.4.1 Customers

The respondents were asked about the impact of customers on their businesses. In the literature review (Section 3.4.2), Shock *et al.* (2011:35) state that "catering is a consumer-driven industry that is stimulated by clients who demand exceptional quality and excellent value for a reasonable price."

The main findings (based on an impact of 'usually' and 'always') are:

- Customers demanding value for money (79.5%).
- Customers being more informed about various and alternative catering options available to them (57.2%).
- Customers having increased product knowledge (for example, of organic foods) (43.7%).
- Customers switching caterers easily (33%).

Conclusions and recommendations:

It is evident that many SMMICs are dealing with demanding customers. A substantially smaller impact is felt in terms of customers who are increasingly knowledgeable, and are also aware of alternate catering options. With regard to

customers switching caterers, it appears that although some SMMICs are confident of their skills in retaining customers, the majority recognise that customer loyalty can change.

It is recommended that an effort be made to understand exactly what customers' wants, needs and demands are, and how best they can be satisfied. While the simplest approach is friendly service and well-prepared food, other areas of focus could be those regarding pricing, convenience, speed, quality, customisation, and healthier menu options incorporating organic foods, natural ingredients, food quality and food sourcing.

Further considerations could be innovative menus, superior customer service, novel food presentation and unusual marketing and promotional activities.

7.3.4.2 Competition

The respondents were asked about the impact of competitors on their businesses. The questions are largely based on Michael Porter's Five Forces model (Burns, 2011:146), as explained in the literature review (Section 3.4.3). The weaker the forces, the better the chance for the business to survive and perform well.

The main findings (based on an impact of 'usually' and 'always') are:

- New competitors (caterers) continually appearing in the market (68.75%).
- New types of competition or competitive substitute products continually arising (60.7%).
- A high degree of rivalry existing among existing competitors (46.4%).
- The extent to which SMMICs monitor their competitors, such as their pricing, menu items and services offered (58%).

Conclusions and recommendations:

It appears that the majority of the SMMICs experience competition to some degree and in various ways. It is also evident that many of them monitor their competitors to some extent.

Recommendations with regard to responding to competition, include developing innovative menus, investing in superior customer relations and service, offering lower pricing, offering extras, providing quality food, and using various promotional and networking strategies.

Suggestions for monitoring competitors include inspecting their websites, blogs and social media for their menus, prices, products, services, photographs, interactions with customers, and feedback and comments received.

7.3.4.3 Suppliers

The respondents were asked about the impact of suppliers on their businesses. It is noted in the literature review (Section 3.4.4), that caterers and food suppliers need to develop good working relationships and understanding of each other's responsibilities, with particular attention paid to price, delivery and quality or standards (Foskett *et al.*, 2016:247; Mattel, 2016:34).

The main findings (based on an impact of 'usually' and 'always') are:

- Good working relationships and understanding of each other's responsibilities with regard to their food suppliers (91.1%).
- Attention that their suppliers pay to quality or standards (84.8%).
- A good and reasonably priced supply in Cape Town of food and beverage products (76.8%), catering equipment (64.3%) and catering IT systems (47.4%).

Conclusions and recommendations:

It is evident that the performance of suppliers is seen as satisfactory. With regard to a good and reasonably priced supply in Cape Town, satisfaction levels appear to be the highest for food and beverage products, and less so regarding catering equipment and catering IT systems.

It is recommended that further improvement in supplier relations be pursued by maintaining good communication channels, making payments timeously, being clear about requirements, giving timely feedback, and by showing appreciation.

Sources of supply could be improved by conducting research to find the best suppliers (visits, referrals, testimonials) and ensuring that requirements in terms of payment, delivery, quality, contracts, catering equipment, and IT systems are met.

7.3.4.4 Intermediaries

The respondents were asked about the impact of intermediaries on their businesses. As discussed in the literature review (Section 1.3.4), intermediaries facilitate the delivery of products and services to the consumer, and this category includes wholesalers, retailers, agents, and brokers (Weedmark, 2019). There are also financial intermediaries, which include banks, insurance companies and pension funds (Pettinger, 2018).

The main findings (based on an impact of 'usually' and 'always') are:

- Wholesalers (49.1%).
- Agents such as wedding and event planners (37.5%).
- Banks (33.9%).
- Technological apps linking caterers and customers (18.7%).
- Insurance agents (16.9%).

Conclusions and recommendations:

On the whole, intermediaries do not appear to have a great impact on the SMMICs. The greatest impact is that of wholesalers that would provide items such as food, equipment and catering products. The varying impact of intermediaries, such as wedding and event planners and technological apps, is probably due to only some SMMICs having the resources or interest in utilising them.

As with suppliers, it is recommended that research be conducted to find the best intermediaries (through visits, referrals, testimonials) and ensuring that they meet requirements regarding payment, delivery, quality or contracts.

The utilising of wedding and event planners could be investigated, as well as technological apps, the latter regarding food ordering and food delivery.

In the next section, conclusions are derived and recommendations made for the SMMICs with regard to their macro environment.

7.3.5 Conclusions and recommendations related to the macro environment of SMMICs

The pertinent forces in the macro environment are socio-cultural forces, technological forces, economic forces, political forces, statutory forces, environmental forces and international forces (Botha, 2018:38). The original discussion of this environment is found in the literature review in Chapter 3 (Section 3.5), while the conclusions are based on the descriptive analysis of the data in Chapter 5 (Section 5.2.5 and Table 5.36).

The factors in the macro environment of SMMICs are discussed below with regard to findings, conclusions and recommendations.

7.3.5.1 Socio-cultural factors

The impacts of the socio-cultural factors on the SMMICs are shown below. As explained in the literature review (Section 3.5.2), the socio-cultural environment refers to various trends in society which affect the needs of consumers, as well as their buying decisions. Examples of these trends are lifestyles, demographics and values and behaviours (Cant & Van Heerden, 2018:50).

The main findings (based on an impact of 'usually' and 'always') are:

- The trend toward more healthful eating/use of organic products/vegetarianism (41%).
- Less time available for food preparation by consumers (40.2%).
- Demographical changes, such as the increase in smaller families and increase in double income households (25.9%).

Conclusions and recommendations:

Although less than half of the respondents indicated this, it could be that the trends of healthful eating and less time available for food preparation by consumers are gaining momentum and will increase in future. Demographical changes appear to have lesser impact currently but show signs of having some effect on the SMMICs.

It is recommended that preparation be made for greater demand for healthful foods (less fat, sugar, oil and salt) and also the inclusion of more menu items which are plant-based, vegetarian, vegan, organic or gluten-free. Regarding the two other trends, various options such as home-cooked, frozen, ready-made or pre-packaged meals could be explored.

7.3.5.2 Technological factors

The impacts of the technological factors on the SMMICs are shown below. As indicated in the literature review (Section 3.5.3), technological progress has had a great impact on organisations with regard to their products and services, their customers, suppliers, competitors and marketing and manufacturing practices (David & David, 2015:236).

The main findings (based on an impact of 'usually' and 'always') are:

- The effects of the internet (e.g. new ideas and catering opportunities, faster speed in sourcing food products) (71.5%).
- Easy access to the internet, mobile apps and social media by consumers (62.5%).
- Technological changes in catering software (39.3%).

Conclusions and recommendations:

With the focus of technological change being the internet and social media, it is evident that these have a substantial influence on the majority of the SMMICs. Catering software does not seem to have as great an impact, indicating that not as many SMMICs may be making use of this option.

- *It is recommended that ways of gaining the maximum benefit of the internet be explored. This could include, for example, setting up promotional and interactive activities on various social media, such as Facebook, Twitter, YouTube, Instagram and Pinterest.*
- *The internet can also be used for websites, food blogs, catering blogs, cooking videos, nutritional videos, and for gathering information on catering and food trends.*

- *In addition, it can be used for doing business online, such as taking bookings or orders, receiving and making payments, and for purchasing various goods and services.*

7.3.5.3 Economic factors

The impacts of the economic factors on the SMMICs are shown below. As indicated in the literature review (Section 3.5.4), various variables such as inflation, interest rates, and the state of the economy affect the disposable income of consumers, as well as their buying behaviour (Botha, 2018:39).

The main findings (based on an impact of 'usually' and 'always') are:

- The current state of the economy (66.1%).
- The economic impact of the water scarcity in Cape Town (60.7%).
- Consumers' unemployment levels and/or diminished disposable income (38.4%).

Conclusions and recommendations:

It is evident that about two thirds of the SMMICs are affected strongly by the economy and water scarcity (at the time of the study), while close to a third feel some impact. The lower figures regarding the impact of unemployment levels and/or diminished disposable income by consumers could indicate that consumers are willing to pay for a catered function, regardless of cost, or that they look for lower price options within the various offerings of SMMICs for the function.

- *Economic fluctuations can be fairly severe, such as those experienced due to loadshedding, and especially, the current situation due to COVID-19 (although this was not present during the period when data was collected for the study).*
- *Various options can be explored, such as diversifying offerings (for example, pre-packaged or frozen meals) and searching for new or different markets (for example, pre-event celebratory functions for matriculants at their homes).*
- *Good finance strategies should also be in place, for example, sales goals budgets, expense budgets and cash flow plans.*

7.3.5.4 Physical factors

The impacts of physical factors on the SMMICs are shown below. The physical environment includes the natural resources found in nature (Hermann & Du Plessis, 2016:14), as well as issues relating to sustainability (Davis *et al.*, 2018:101). From the literature review (Section 3.5.5) it can be seen that all caterers need to be aware of changes taking place in the physical environment on a macro scale, as well as on a micro level.

The main findings (based on an impact of 'usually' and 'always') are:

- The trend in presenting businesses as 'caring for the environment' (50.9%).
- The trends in energy conservation (49.1%).
- The trends in waste management and recycling (45.5%).

Conclusions and recommendations:

In terms of all three trends, it appears that about only half of the SMMICs are directly affected by these trends. The results also show that under a third of the respondents (30%) are only occasionally affected, and about a fifth (20%) not at all. For the latter, this could be due to a lack of interest or knowledge on their part.

It is recommended that all the SMMICs commit to the environmental sustainability of natural resources. This could include limiting the use of plastic and throwaway packaging for foods, using water sparingly, preparing food more efficiently, reducing food wastage, and investing in energy-efficient equipment, where possible.

They could also actively communicate their concern for the environment and advertise that they have put or are putting in place some of the measures above.

7.3.5.5 Political-legal factors

The impact of political-legal factors, as depicted by certain legislation and regulations, on the SMMICs is shown below. As can be seen from the literature review (Section 3.5.6) there are a number of regulations applicable to food-based businesses. These include regulations governing food safety, general hygiene requirements for food premises, the transport of food, and legislation regarding employment contracts, licencing and taxation laws (Neves, 2014; City of Cape Town, 2019c).

The main findings (based on an impact of 'usually' and 'always') are:

- Regulations relating to food hygiene (for example, licencing and certification of all food preparation facilities) (67%).
- Legislation relating to labour issues (for example, health and safety at work) (58.1%).
- Regulations applying to transport of food (53.5%).

Conclusions and recommendations:

It appears that substantial numbers of the SMMICs do not feel the impact of the regulations, while some do only occasionally. This could be due to lack of knowledge or lack of interest in the financial implications of compliance.

It is recommended that all the SMMICs ensure that they are informed about the relevant regulations and legislation affecting their industry and operations and that they comply with them.

7.3.5.6 International factors

The impact of international factors on the SMMICs is shown below. International factors, as explained in the literature review (Section 3.5.7), especially globalisation have resulted in new products and opportunities for businesses (Erixon, 2019). Customers also learn about the foods and beverages of other countries through their travels, which could have an influence on their demands (Bowe & Buttle, 2013:21).

The main findings (based on an impact of 'usually' and 'always') are:

- The latest catering trends in the international media (43.7%).
- Customers gaining knowledge through international travel of other countries' foods and beverages (41.1%).

Conclusions and recommendations:

These trends appear to have a limited impact on the SMMICs.

However, it is recommended that international trends be checked regularly and incorporated, where feasible. These include new ideas on plant-based meals,

cuisine from other countries, alternative ingredients, food presentation, service, sustainable food packaging, and catering equipment and software.

In the next section, the findings, conclusions and recommendations based on the open-ended question are discussed.

7.3.6 Conclusions and recommendations related to the open-ended question

The respondents were asked to write down any other factors that currently have a significant impact on their businesses. It is noted that 59.6% of the respondents did not answer this question. The findings are:

- The majority of the responses were related to the macro environment, specifically economic (17%), physical (8.9%), and political-legal (6.3%) factors. Answers included the impact of price increases in electricity, the increases in the cost of food ingredients, the water scarcity in Cape Town, and meeting complex government procedures for compliance.
- The next highest group of responses related to the market environment, specifically the impact of customers (8%) and competition (2.7%). The answers included some customers insisting on dealing with Halaal certified caterers only, the rise of many similar types of catering businesses, and some restaurants offering catering services.
- Within the micro environment (6.3%), the respondents noted various problems, such as inadequate equipment, inadequate stock control systems, staffing problems and a lack of resources.

Conclusions and recommendations:

It is evident that SMMICs face a variety of challenges in the business environment, some of which may be experienced by all (for example, price increases in electricity), while others may be unique to a particular SMMIC.

As a considerable number of the responses above overlap with responses given in the closed questions regarding the three environments, many of the recommendations given earlier could be applied here.

7.3.7 Conclusions and recommendations for questions 12, 13, 14, 15, 16, 17

By factor-analysing the responses to questions 12 relating to the micro environment, questions 14, 15, and 16 relating to the market environment, and question 17 relating to the macro environment (44 items in total, for the purpose of data reduction), 11 business environment factors were identified. These 11 factors were used in subsequent inferential analysis, and conclusions were reached and recommendations made.

Question 13 was analysed separately due to the different format of the responses (namely, 'yes', 'no' and 'sometimes'). The question focused on the presence or absence of various functional areas and resources in the micro environment of the caterers (for example, marketing, operations and human resources). By analysing the responses to question 13 through utilising firstly, the Categorical Principal Component Analysis (CATPCA), three functional dimensions or components were identified. These three dimensions, labelled as Operational areas and Labour matters, Customer-focused strategies, and Financial and Transportation resources, were used in subsequent inferential analysis, and conclusions were reached and recommendations made.

7.3.7.1 Relationship analysis: Pearson correlation coefficients

The direction and strength of the relationships between the micro, macro and market business environment factors, as well as the three areas and resources dimension, were determined by means of correlation analysis, and provide insight into the extent to which these factors and dimensions, respectively, have an impact on each other.

With regard to the business environment factors, the findings were:

- Positive (an increase in one variable is associated with an increase in another variable) strong and moderate relationships, as indicated by the value of the correlation coefficient were seen to exist.
- With regard to positive strong relationships (0.5 and above), the Legal, Environmental and Socio-economic variables were relevant, and show how strongly these three areas have an impact on each other.
- With regard to positive moderate relationships, (between 0.3 and 0.5), the following four variables were the most prevalent, namely, the Customer demands

and competitor challenges, Legal, Technological and Socio-economic variables. These variables all impact on each other, and also on some of the other variables.

The details of these and the other relationships are shown in Chapter 6 (Section 6.4).

Conclusions and recommendations:

Regarding the positive strong relationships, this could indicate, for example, that there may be potential legislation and regulations that could cause SMMICs to have a higher regard for environmental issues. The same may apply to socio-economic variables, such as potential legislation and regulations regarding water scarcity or electricity. Environmental concerns, in turn, may impact on socio-cultural issues, such as satisfying customer demands, while obtaining food sources in a sustainable manner.

Regarding the moderate relationships, it is evident that these variables form part of the most challenging aspects related to operating as SMMICs. For example, satisfying the demands of customers and dealing with the challenges of competitors would imply confronting potential legal challenges, technological advancements and social and economic trends.

It is recommended that special attention be paid to all the variables above, and it be determined how they relate to or could influence each other.

With regard to the functional dimensions, none of them displayed moderate or large relationships, as all the Pearson correlation coefficients were below 0.3.

Inferential analysis was subsequently conducted to determine if statistically significant differences exist between the categories of different demographic and company variables, with regard to the business environment factors and dimensions.

The aim is to determine the extent to which these variables play a role in the perceived level of each business environment factor and dimension. If statistical differences exist, these variables are important to consider in business planning and implementation.

7.3.7.2 Conclusions regarding differences between age groups with regard to the business environment factors and functional dimensions

There is a statistically significant difference between the age groups with regard to general business skills, legal and networking and social media skills.

Conclusions and recommendations:

It appears that the younger age groups may tend to have higher networking and social media skills than the other age groups, while their legal skills may be somewhat less.

It is recommended that the owners/managers of all age groups, keep up with current legislation affecting catering. Regarding social media, with its increasing importance, it is recommended that all the owners/managers improve their skills in social media applications. They should also focus more on networking.

With regard to the functional dimensions, there is a statistically significant difference between the age groups for Financial and Transportation resources (C3). From the mean ranks it is evident that the oldest age group (51 years and older) tends to have more of these resources in place than the younger groups.

Conclusions and recommendations:

It may be that the oldest age group have been able to build up their resources through years of generating income through business.

It is recommended that all the owners/managers, irrespective of age, devote time to gaining further insights and knowledge about the different functional dimensions.

7.3.7.3 Conclusions regarding differences between roles or positions with regard to the business environment factors and functional dimensions

There is a statistically significant difference between the role or position of the owner/manager with regard to Increased customer knowledge. The owners who are also full-time managers tend to experience increased customer knowledge more often than the owners alone.

Conclusions and recommendations:

It is possible that those who have ownership, as well as direct involvement in running the business, may be more motivated to have a deeper knowledge of their customers.

It is recommended that all the owners/managers devote time to gaining further insights and knowledge about their customers.

With regard to the functional dimensions, there are statistically significant differences regarding Operational areas and Labour matters (C1) and Financial and Transportation resources (C3) between the role or position of the owners/managers.

Conclusions and recommendations:

It is evident that full-time managers with insight into the strategic planning of the business tend to have more of these resources in place than the owners or the owners who are full-time managers.

It is recommended that all the owners/managers, irrespective of role or position, devote time to gaining further insights and knowledge of the different functional dimensions.

7.3.7.4 Conclusions regarding differences between the groups as defined by four further categories, namely gender, business location, size, and website variables with regard to the business environment factors and functional dimensions

No statistically significant differences were found for gender, business location, size of business and having a website or not.

Conclusions:

It appears that gender, the location and size of the business, as well as having a website or not, do not impact the perceived level of each of the business environment factors. A possible explanation could be that these are all fairly small businesses, and thus, experience a similar impact with regard to the business environment factors.

With regard to the functional dimensions, statistically significant differences were found, for all three dimensions, between businesses that have an actively maintained website versus those that do not.

Conclusions:

It can be speculated that the SMMICs that have actively maintained websites are bigger and more established, and therefore, would have larger reserves of resources related to finance and transportation.

Statistically significant differences were further found between businesses located in houses versus those located in business premises with regard to Financial and Transportation resources (C3). Statistically significant differences were also found between businesses located in houses versus those located in business premises with regard to Operational areas and Labour matters (C1).

Conclusions:

It could be that business located in business premises are bigger and more sophisticated than those located in houses, and that therefore, they are impacted differently by the functional dimensions above.

Statistically significant differences were also found between businesses with males versus those with females with regard to Operational areas and Labour matters (C1).

No statistically significant differences were found for the category of size with regard to all three of the functional dimensions.

From the inferential analysis above (Section 7.3.7.4), although some statistical differences were observed in various areas, relevant conclusions and subsequently useful recommendations were not possible.

7.4 SYNCHRONISATION OF THE RESEARCH OBJECTIVES WITH THE FINDINGS AND RECOMMENDATIONS OF THE STUDY

The research objectives of the study project, as well as the main findings and recommendations, are presented in Table 7.3 below.

Table 7.3: Summary of the research objectives, main findings and recommendations

Primary objective: **To determine the impact of the business environment on small, medium and micro independent caterers (SMMICs) in Cape Town.**	
MAIN FINDINGS	**MAIN RECOMMENDATIONS**
Micro environment **Greatest positive impact:** The perceived good managerial skills and abilities of the owners/managers as reported by the respondents. **Other positive areas:** Control of materials and production, Systems for receiving, storage, preparation and assembly of food, and Loyal and committed employees. **Challenges:** Setting up mission and vision statements, Networking, Financial resources, Marketing strategies, and Online services.	Owners/managers of the SMMICs could: ▪ Devote more time to setting up mission and vision statements. ▪ Utilise networking more. ▪ Utilise the internet, social media and online services to a greater extent. ▪ Find ways to improve financial resources. ▪ Develop strategies to determine customers' needs and also develop a general marketing strategy.
Market environment **Greatest impact:** Customers demanding value for money. ▪ Competition has a significant, though not extreme effect. ▪ Good relationships exist with suppliers. ▪ Intermediaries have a limited impact: the biggest one being that of wholesalers.	Owners/managers of the SMMICs could: ▪ Devote time to understanding exactly what customers want, need and demand, and determine how to best to satisfy them. ▪ Continually monitor new competition and competitors' actions, and respond to competition in creative ways.

Macro environment **Greatest impact:** The influence of the internet and social media on the SMMICs and on customers. **Lesser impact:** Regulations relating to food hygiene and the current state of the economy. **Moderate impact:** Socio-cultural, physical and international factors. These include the trend toward more healthful eating, sustainability and conservation trends, and the latest international catering trends.	Owners/managers could be more proactive in being aware of and responding to trends in the macro environment. These could include for example: ▪ preparing for greater demand for healthful foods, ▪ taking full advantage of the benefits of the internet and social media, ▪ putting measures in place to deal with the impact of economic fluctuations, ▪ participating in environmental sustainability of natural resources, ▪ being informed about relevant legislation, ▪ keeping up to date with the latest international catering trends.
Positive strong relationships exist between the Legal, Environmental and Socio-economic variables. **Positive moderate relationships** exist between the Customer demands and competitor challenges, Legal, Technological and Socio-economic variables.	Owners/managers could investigate these variables and determine their impact and influence on each other in the context of their businesses.
Statistically significant differences found between the age groups of the owners/managers with regard to the following: general business skills, legal and networking and social media skills and financial and transportation resources.	Owners/managers of all age groups could keep updated on the latest knowledge and information, and make improvements, where applicable, in these areas.
Statistically significant differences found between the role or position of the owners/managers with regard to the following: Increased customer knowledge, Operational areas and labour matters and Financial and transportation resources.	Owners/managers could devote time to gaining further insight and knowledge about customers, and also find ways to make improvements, where applicable, regarding the other areas.

Secondary Objective 1: **To analyse the micro environment of SMMICs in Cape Town.**	
MAIN FINDINGS	**RECOMMENDATIONS**
Mission statements and Vision statements Held by just under 60% of the SMMICs. **Goals and objectives** Held by 77.7% of the SMMICs.	More owners/managers could devote time to drawing up goals and objectives, and mission and vision statements. These should be revisited annually to take into account changes which occur in the business environment.
Skills Rated highly ('often' and 'always') by more than 80% of respondents: ▪ Knowledge of ingredients used in food. ▪ Leadership skills. ▪ Organisational skills. ▪ Time-management skills. ▪ Ability to manage stress. ▪ Negotiating skills. Rated lower by respondents: ▪ Knowledge of social media use ▪ Networking skills	Regarding social media, various other forms of social media (for example, Instagram, Pinterest and Twitter) could be investigated, if applicable, in the interaction and networking with customers. Local networking could be improved by linking up with other service providers in the area, by giving donations to the community and by actively seeking referrals locally.
Functional areas and resources Rated by more than 80% of respondents as being present in business: ▪ A good reputation. ▪ Control of materials and production processes. ▪ Monitoring of customer satisfaction.	Recommendations with regard to finances, marketing and online services are: ▪ All areas pertaining to finances could be examined, especially with regard to budgeting, costs, invoicing, cash flow and accounting practices. ▪ Marketing initiatives could include conducting surveys to determine customers' wants and needs, and investigating ways in which to satisfy them.

Secondary Objective 1: **To analyse the micro environment of SMMICs in Cape Town.**	
MAIN FINDINGS	**RECOMMENDATIONS**
▪ Systems for receiving, storage, preparation, assembly of food, clearing and cleaning. Rated by 70% - 80% of respondents as being present in business: ▪ Loyal and committed employees. ▪ Good transportation vehicles. ▪ Adherence to regulations and bargaining councils. ▪ Sufficient knowledge of suppliers. ▪ Possession of adequate skilled labour. Rated by 60% and under (progressively less) as being present in business: ▪ Adequate financial resources. ▪ Strategy to determine customers' needs. ▪ Unique selling point or targeting a specific niche market. ▪ Marketing strategy. ▪ Online services.	▪ Unique selling points or niche markets could be created by, for example, innovating traditional dishes. ▪ Formal marketing strategies could be developed by doing market research, identifying target markets, developing relevant products and services and distribution methods, and setting up promotional campaigns. ▪ Various forms of online services could be investigated, such as increasing the use of social media, by setting up or regularly updating websites and blogs, and by having customers order or make reservations online.

Secondary Objective 2: **To analyse the market environment of SMMICs in Cape Town.**	
MAIN FINDINGS	**RECOMMENDATIONS**
Customers **Greatest impact:** Customers demanding value for money. **Progressively lesser impact:** ▪ Customers being more informed about various and alternative catering options. ▪ Customers having increased product knowledge. ▪ Customers switching caterers easily.	It is recommended that effort be made to understand exactly what the customers' wants, needs and demands are, and how best they can be satisfied. While the simplest approach is friendly service and well-prepared food, other areas of focus could be those regarding pricing, convenience, speed, quality, customisation and healthier menu options, incorporating organic foods, natural ingredients, food quality and food sourcing. Further considerations could be innovative menus, superior customer service, novel food presentation and unusual marketing and promotional activities.
Competitors **Greatest impact:** New competitors continually appearing. **Progressively lesser impact:** ▪ New types of competition or competitive substitute products. ▪ High degree of rivalry among existing competitors. ▪ In addition, a fair amount of monitoring of competitors takes place.	Recommendations with regard to responding to competition, include developing innovative menus, investing in superior customer relations and service, offering lower pricing, offering extras, providing quality food, and using various promotional and networking strategies. Monitoring competitors could include inspecting their websites, blogs and social media for their menus, prices, products, services, photographs, interactions with customers, and feedback and comments received.
Suppliers **Greatest impact:** ▪ Good working relationships with food suppliers. ▪ Satisfaction with attention that suppliers pay to quality or standards. **Availability in Cape Town (rated highest to lowest) for:**	It is recommended that further improvement in supplier relations be pursued by maintaining good communication channels, making payments timeously, being clear about requirements, giving timely feedback, and by showing appreciation. Sources of supply could be improved by conducting research to find the best suppliers (visits, referrals, testimonials), and ensuring that

Secondary Objective 2: To analyse the market environment of SMMICs in Cape Town.	
MAIN FINDINGS	**RECOMMENDATIONS**
▪ Food and beverage products. ▪ Catering equipment. ▪ Catering IT systems.	requirements in terms of payment, delivery, quality, contracts, catering equipment, and IT systems are met.
Intermediaries **Greatest to least impact:** ▪ Wholesalers ▪ Banks ▪ Insurance agents ▪ Wedding and event planners' products ▪ Technological apps linking caterers and customers	It is recommended that research be conducted to find the best intermediaries (through visits, referrals, testimonials) and ensuring that they meet requirements regarding payment, delivery, quality or contracts. The utilising of wedding and event planners could be investigated, as well as technological apps, the latter regarding food ordering and food delivery.

SECONDARY OBJECTIVE 3: To analyse the macro environment of SMMICs in Cape Town.	
MAIN FINDINGS	**RECOMMENDATIONS**
Socio-cultural factors **Greatest to least impact:** ▪ Trend toward more healthful eating/use of organic products/vegetarianism. ▪ Less time available for food preparation by consumers. ▪ Demographical changes.	It is recommended that SMMICs prepare for a greater demand for healthful foods (less fat, sugar, oil and salt) and also the including of more menu items that are plant-based, vegetarian, vegan, organic or gluten-free. Regarding the two other trends, various options, such as home-cooked, frozen, ready-made or pre-packaged meals could be explored.

SECONDARY OBJECTIVE 3: **To analyse the macro environment of SMMICs in Cape Town.**	
MAIN FINDINGS	**RECOMMENDATIONS**
Technological factors **Greatest to least impact:** ▪ Effect of the internet. ▪ Ease of access to the internet, mobile apps and social media by consumers. ▪ Technological changes in catering software.	Ways of gaining the maximum benefit of the internet could be explored by, for example, setting up promotional and interactive activities on various social media platforms, such as Facebook, Twitter, YouTube, Instagram and Pinterest. The internet can also be used for websites, food blogs, catering blogs, cooking videos, nutritional videos, and for gathering information on catering and food trends. It can also be used for doing business online, such as taking bookings or orders, receiving and making payments, and for purchasing various goods and services.
Economic factors **Greatest to least impact:** ▪ Current state of the economy. ▪ Economic impact of water scarcity in Cape Town. ▪ Unemployment levels and/or diminished disposable income by consumers.	Owners/managers could prepare for economic fluctuations by, for example, diversifying their offerings and expanding their customer bases. Good finance strategies should also be in place, for example, sales goals budgets, expense budgets and cash flow plans.
Physical factors **Greatest to least impact:** ▪ Trend of presenting businesses as 'caring for the environment'. ▪ Trends in energy conservation. ▪ Trends in waste management and recycling.	It is recommended that the owners/managers commit to the environmental sustainability of natural resources. This could include limiting the use of plastic and throwaway packaging for foods, using water sparingly, preparing food more efficiently, reducing food wastage, and investing in energy-efficient equipment, where possible. They could also actively communicate their concern for the environment and advertise that they have put or are putting in place some of the measures above.

SECONDARY OBJECTIVE 3: **To analyse the macro environment of SMMICs in Cape Town.**	
MAIN FINDINGS	**RECOMMENDATIONS**
Political-legal factors **Greatest to least impact:** ▪ Impact of regulations relating to food hygiene. ▪ Impact of regulations relating to labour issues. ▪ Impact of regulations relating to transport of food.	The owners/managers should ensure that they are informed about all the relevant regulations and legislation affecting their industry and operations and that they comply with them.
International factors **Greatest to least impact:** ▪ Latest catering trends in international media. ▪ Customers gaining knowledge through international travel of other countries' foods and beverages.	It is recommended that international trends be checked regularly and incorporated, where feasible. These include new ideas on plant-based meals, cuisine from other countries, alternative ingredients, food presentation, service, sustainable food packaging, and catering equipment and software.

SECONDARY OBJECTIVE 4: **To identify the strengths, weaknesses, opportunities and threats in the business environment of SMMICs in Cape Town.**		
Strengths ▪ A good reputation. ▪ Knowledge of ingredients used in food. ▪ Leadership skills.		**Weaknesses** ▪ Lack of a marketing strategy. ▪ Limited use of online services.
Opportunities ▪ The trend toward more healthful eating/use of organic products/vegetarianism. ▪ Less time available for consumers for food preparation. ▪ Effects of the internet on caterers (for example, new ideas and catering opportunities). ▪ Easy access to the internet, mobile apps and social media by consumers.		**Threats** ▪ Customers demanding value for money. ▪ New competitors continually appearing. ▪ New types of competition or competitive substitute products continually arising. Current state of the economy.

With regard to Secondary Objective 4 above, only the most relevant strengths, weaknesses, opportunities and threats of the SMMICs are listed, since the discussion on the topic or objective has been intertwined in the rest of the results.

The research objectives, along with the findings of the study and relevant recommendations have been presented in the table above. The limitations of the research study are discussed next.

7.5 LIMITATIONS OF THE STUDY

This study is subject to a number of limitations as outlined below.

- The study is limited to SMMICs in the greater Cape Town area, and the findings cannot be applied and generalised to all SMMICs in South Africa.
- As the SMMICs range in size from micro to medium, the business environment in some areas may affect them very differently. Research on, for example, very small caterers only or on medium-sized caterers only, may provide a more accurate picture.
- These are the respondents' subjective views only, and may reflect their personal bias in certain areas (for example, with regard to their managerial abilities).

7.6 SUGGESTIONS FOR FURTHER RESEARCH

Given the research scope of this study, the results obtained and the conclusions reached, a number of suggestions for further research are provided below:

- The study could possibly be duplicated in other areas or provinces of South Africa.
- A study on only one size (micro, very small, small or medium) independent caterer could possibly give a more accurate reflection of the impact of the business environment on that category of caterers.
- More in-depth research could be conducted on the impact on SMMICs of one component of the business environment only, for example, the micro, market or macro environment.

- A research study could focus only on the impact of technology on small independent caterers, given that there are so many areas that could affect their operations (for example, the internet, social media, apps, catering IT systems).

The next section presents the final conclusion of the research project.

7.7 CONCLUSION

The primary objective of this research was to analyse the business environment of micro, small and medium independent caterers (SMMICs) in Cape Town. As David and David (2015:41) state (Section 3.2), all environments change sooner or later, which means that all businesses must adapt and change, as well. They add that change involves new resources, new strategies, new visions and missions, new strategies and goals, and new strengths and weaknesses. In this context, an investigation into the business environment of the SMMICs provides more insight into the challenges and opportunities that they currently face.

The study commenced with a literature review of the South African hospitality industry, the food and beverage sector, and the catering sector as part of the food and beverage sector. In addition, the nature of the SMMICs was determined.

Thereafter, the factors in the business environment which impact on the SMMICs were considered. These formed part of the secondary research objectives, which were to assess the impact of the micro, market and macro environments on the SMMICs. Another research objective was to conduct an assessment of the internal strengths and weaknesses of the SMMICs, along with the external opportunities and threats that they face.

With regard to the research methodology, a questionnaire was developed, an online survey distributed to participants, and primary data collected and analysed using descriptive and inferential analysis.

The subsequent findings provided a range of information on a wide range of factors within the micro, market and macro environments that impact on the SMMICs. The main findings indicate that the abilities of the owners/managers, the control of materials, and production processes and systems, and loyal and committed employees have the greatest positive internal impact, while challenges appear to exist with regard to financial resources, marketing strategies and online services.

In the market environment, the greatest positive impact on the SMMICs is their relationship with their suppliers, while threats are indicated regarding the demands of customers and the actions of competitors. In the macro environment, technological change, particularly the internet, appears to have the greatest positive impact on the SMMICs, while the greatest negative impacts are indicated by the current state of the economy and also legal regulations. It was also established that the Legal, Environmental and Socio-economic variables have the greatest impact on each other with regard to positive strong relationships.

Regarding the problem statement that SMEs/SMMEs in South Africa suffer major hardships and that this would apply to SMMICs as well, this appears to be borne out as the research revealed that almost 40% of the SMMICs in Cape Town listed on google search engines and on Facebook and other social media, no longer exist (as noted in Chapter 1, Section 1.6.4).

Some important recommendations emanating of the research are for the owners/managers of the SMMICs to upgrade their internet skills and to improve their strategies relating to marketing, customers and competitors. They should also be more proactive with regard to economic and environmental challenges.

It is hoped that this study and the recommendations made could be of some benefit to SMMICs in Cape Town or elsewhere in South Africa, as the information could be used to improve their competitive advantage and profitability.

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APPENDICES

APPENDIX A:
ETHICAL CLEARANCE CERTIFICATE

UNISA university of south africa

UNISA DEPARTMENT OF BUSINESS MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE

20 November 2017

ERC Reference #: 2017_CEMS_BM_064
Name: Mrs Jocelyn Dianne Lawrence
Student #: 5031885
Staff #: 1983385

Dear Mrs Jocelyn Dianne Lawrence,

Decision: Ethics Approval from 20 November 2017 to 19 November 2020

Researcher(s): Mrs Jocelyn Dianne Lawrence
E-mail address: 5031885@mylife.unisa.ac.za
Telephone #: 0827144562

Supervisor (s): Prof Sharon Rudansky-Kloppers
E-mail address: rudans@unisa.ac.za
Telephone #: 0824497505

Working title of research:

An environmental analysis of small independent caterers in Cape Town

Qualification: MCom Degree

Thank you for the application for research ethics clearance by the UNISA Department of Business Management Ethics Review Committee for the above mentioned research. Ethics approval is granted for 3 years, from 20 November 2017 to 19 November 2020.

*The **low risk application** was **expedited** by the Department of Business Management Ethics Review Committee on 29 September 2017 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.*

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.

en Rubric

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2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the Department of Business Management Ethics Review Committee.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after the expiry date (19 November 2020). Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

*The reference number **2017_CEMS_BM_064** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,

D. Visser.

Deputy Chair: Dr Thea Visser
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APPENDIX B:
PARTICIPANT INFORMATION AND CONSENT FORM

PARTICIPANT INFORMATION SHEET

23 February 2018

Title: **AN ENVIRONMENTAL ANALYSIS OF SMALL INDEPENDENT CATERERS IN CAPE TOWN**

Dear Prospective Participant

My name is Jocelyn Lawrence and I am doing research with Professor Sharon Rudansky-Kloppers, a professor in the Department of Business Management, towards an M.Com at the University of South Africa. We are inviting you to participate in a study entitled AN ENVIRONMENTAL ANALYSIS OF SMALL INDEPENDENT CATERERS IN CAPE TOWN.

WHAT IS THE AIM/PURPOSE OF THE STUDY?

The aim of this study is to do an analysis of the business environment in which small independent caterers operate. I am conducting research to find out which factors in the business environment have an impact on small independent caterers (SICs) in Cape Town.

WHY AM I BEING INVITED TO PARTICIPATE?

The participants in this study are small independent caterers in the greater Cape Town area which are registered businesses and which have an online presence (website or Facebook page or a listing in the online yellow pages). The researcher wishes to focus on small independent caterers since library and other searches reveal that to date no real academic research has been carried out on the catering industry and on small and very small independent caterers in South Africa. The researcher also has a personal interest in caterers.

These particular caterers have been chosen since they are easily contactable via their websites, Facebook pages or online yellow pages. The delineation of the greater Cape Town area is indicated by key towns on the perimeters. These are Muizenberg, Simons Town, Noordhoek, Hout Bay, City Centre and surrounds, Bloubergstrand, Durbanville, Paarl, Stellenbosch, Gordons Bay, Strand, Somerset West and Mitchells Plain. The potential participants have been found via a google search. The keywords for conducting the search are “caterers Cape Town, “catering companies Cape Town”, caterers Cape Town Facebook”, “catering companies Cape Town Facebook” as well as “caterers Cape Town yellow pages” and “catering companies Cape Town yellow pages.” A google search conducted with these criteria reveals a total of about 300 small independent caterers.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY / WHAT DOES THE RESEARCH INVOLVE?

The study involves questionnaires. As a participant you will be requested to fill in the questionnaire via LimeSurvey, an online survey tool. Most of the questions require you to click the appropriate block of your choice. The expected duration of participation and the time needed to complete the questionnaire is about 20 minutes.

CAN I WITHDRAW FROM THIS STUDY?

Being in this study is voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep. You are free to withdraw at any time and without giving a reason. However please note that once you have submitted the questionnaire it will not be possible to withdraw.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

As there are very few academic resources available on the subject, it is envisaged that knowledge gained from the research will assist small independent caterers in their awareness and understanding of the strengths, weaknesses, opportunities and threats that exist in their business environment. It is further hoped that recommendations can be made that will assist them in improving their competitive advantage. Another motivation for the study is that it could contribute toward the academic literature of SMEs in South Africa and in particular literature related to catering.

WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

Please note that there is no risk of harm or any side-effects as a result of taking part in this study. Nor will it be possible for you to be identified by any third party. A minor convenience could be that as a participant, you are requested to spend a short time filling in the online survey.

WILL WHAT I SAY OR WRITE BE KEPT CONFIDENTIAL?

Note that confidentially will be maintained. Your name will not be recorded anywhere and no one will be able to connect you to the answers you give. Your answers will be given a fictitious code number and you will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings.

Your answers may be reviewed by people responsible for making sure that research is done properly, including members of the Research Ethics Committee. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records. Please note that your anonymous data may be used for

other purposes, e.g. research report, journal articles, conference presentation, etc. Privacy will be protected in any publication of the information. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

HOW WILL INFORMATION BE STORED AND ULTIMATELY DESTROYED?

Hard copies of answers will be stored by the researcher for a period of five years in a locked cupboard at her home for future research or academic purposes. Electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. Ultimately information will be destroyed by deletion off the researcher's computer and backup hard drive.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

No payment or any reward is offered for participating in the study. The researcher expresses deep appreciation for your participation.

HAS THE STUDY RECEIVED ETHICAL APPROVAL?

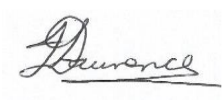
The study fulfils all the requirements as set out in the UNISA Policy on Research Ethics and has received written approval from the Research Ethics Committee of the College of Economic and Management Sciences, UNISA. A copy of the approval letter can be obtained from the researcher if you so wish.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS?

If you would like to be informed of the final research findings, please contact the researcher, Jocelyn Lawrence on 082-7144562 / 021-8507561 or Email:5031885@myunisa.ac.za or jlawrence@uwc.ac.za. Note that the findings are accessible for five years. Should you require any further information about any aspect of this study, please also contact her using the contact details above.

Should you have concerns about the way in which the research has been conducted, you may contact Professor Sharon Rudansky-Kloppers at Phone (Office):+27 12 429 4689; Fax-to-email: 086 686 1733; Email: rudans@unisa.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.



Mrs Jocelyn Lawrence

INFORMED CONSENT FORM

COVER LETTER TO AN ONLINE ANONYMOUS WEB-BASED SURVEY

Dear Prospective participant,

You are invited to participate in a survey conducted by Jocelyn Lawrence under the supervision of Professor Sharon Rudansky-Kloppers, a professor in the Department of Business Management towards an M.Com at the University of South Africa.

The survey you have received has been designed to study the business environment in which small independent caterers in Cape Town operate. You were selected to participate in this survey because you are a small independent caterer in the greater Cape Town area with a registered business as well as an online presence (website or Facebook page or a listing in the online yellow pages). Please note that you will not be eligible to complete the survey if you are younger than 18 years. By completing this survey, you agree that the information you provide may be used for research purposes, including dissemination through peer-reviewed publications and conference proceedings.

It is anticipated that the information we gain from this survey will help us to determine the key factors in the business environment that impact on small independent caterers in Cape Town.

You are, however, under no obligation to complete the survey and you can withdraw from the study prior to submitting the survey. The survey is developed to be anonymous, meaning that we will have no way of connecting the information that you provide to you personally. Consequently, you will not be able to withdraw from the study once you have clicked the send button based on the anonymous nature of the survey.

If you choose to participate in this survey it will take up no more than 20 minutes of your time. You will not benefit from your participation as an individual, however, it is envisioned that the findings of this study will assist you as a small independent caterer in your awareness and understanding of the strengths, weaknesses, opportunities and threats that exist in your business environment and assist you in improving your competitive advantage. We do not foresee that you will experience any negative consequences by completing the survey. The researcher(s) undertake to keep any information provided herein confidential, not to let it out of our possession and to report on the findings from the perspective of the participating group and not from the perspective of an individual.

The records will be kept for five years for audit purposes where after it will be permanently destroyed (electronic copies will be permanently deleted from the hard drive of the computer). You will not be reimbursed or receive any incentives for your participation in the survey.

The research was reviewed and approved according to the UNISA Policy on Research Ethics by the Research Ethics Committee of the College of Economic and Management Sciences, UNISA. The primary researcher, Jocelyn Lawrence, can be contacted at 082-7144562 or 021-8507561, Email: 5031885@myunisa.ac.za or jlawrence@uwc.ac.za. The study leader, Professor Sharon Rudansky-Kloppers, can be contacted during office hours at: +27-12429-4689; Fax-to-email: 086 686 1733; Email: rudans@unisa.ac.za. Should you have any questions regarding the ethical aspects of the study, you can contact the chairperson of the Research Ethics Committee of the College of Economic and Management Sciences, UNISA at 012 4298104. Alternatively, you can report any serious unethical behaviour at the University's Toll Free Hotline 0800 86 96 93.You are making a decision whether or not to participate by continuing to the next page. You are free to withdraw from the study at any time prior to clicking the send button.

APPENDIX C:
QUESTIONNAIRE

Questionnaire

SECTION 1: FIRMOGRAPHICS

Q1. Please state the suburb in which the business is situated.

Q2. Please indicate whether the business is located in your house or at business premises.

House 1	Business premises 2

Q3. Please state the number of years the business has been in operation.

Q4. Please indicate all the categories which apply to your business.

Actively maintained website	1
Listing in online yellow pages	2
Facebook page	3
Other (please specify)	4

Q5. Please indicate the category into which your business falls (as per the Catering, Accommodation, and Other Trade sector by the National Small Business Amendment Act, No 26 of 2003:8).

Small business - Total annual turnover of less than R6 million and total gross asset value (excluding property) of less than R1 million.	1
Very small business - Total annual turnover of less than R5.10 million and total gross asset value (excluding property) of less than R0.90 million.	2
Other (please specify)	3

Q6. Please state the number of employees in your business.

Full-time	1
Part-time	2
Seasonal	3

Q7. Please indicate which of the following associations your business may be a member of. (*Please indicate all the options that apply*)

Federated Hospitality Association of Southern Africa (FEDHASA)	1
South African Chefs Association (SACA)	2
Other (Please specify)	3
None	

Q8. Please indicate the approximate contribution to revenue (percentages) in your business, derived from the following categories.
(Please write the number only and not the percentage sign %)

Business catering (catering for the business market)	
Social catering (catering for the social/general market)	
Other (please specify)	

Q9. Please indicate the approximate contribution to revenue (percentages) in your business, derived from the following categories.
(Please write the number only and not the percentage sign %)

On-premise catering (catering done on your own premises)	
Off-premise catering (catering done at location of client's choice)	

Q10. Please indicate the approximate contribution to revenue (percentages) in your business, derived from the following categories.
(Please write the number only and not the percentage sign %)

Budget events (low-priced, low level of service, basic food items)	
Midscale events (modestly priced, higher level of service)	
Upscale events (high priced, highest level of service)	

SECTION 2: THE MICRO-ENVIRONMENT

The micro environment entails the internal environment of the business. The factors in this environment are mission, vision, goals, general management (qualities), resources and the various functional areas of the business such as marketing and operations.

Q11. Please indicate whether you have the following in your business.

		No	Yes
11.1	A mission statement (general purpose of the business)	1	2
11.2	A vision statement (desired position for the future)	1	2
11.3	Objectives/goals for the business	1	2

Q12. Please indicate the extent to which you as the owner/manager in your business possess the following qualities.

		Never	Rarely	Sometimes	Often	Always
12.1	Leadership skills	1	2	3	4	5
12.2	Negotiating skills	1	2	3	4	5
12.3	Organisational skills (setting up job categories, allocating authority, responsibility and accountability)	1	2	3	4	5
12.4	Time-management skills	1	2	3	4	5
12.5	Ability to manage stress	1	2	3	4	5
12.6	Knowledge of ingredients used in food	1	2	3	4	5
12.7	Knowledge of social and religious cultures which affect the business	1	2	3	4	5
12.8	Knowledge of social media use	1	2	3	4	5
12.9	Networking skills	1	2	3	4	5

Q13. Below are points relating to specific functional areas (for example, marketing) and the resources of a business. Please indicate whether these are present in your business.

		No	Yes	Sometimes
13.1	A marketing strategy	1	2	3
13.2	A strategy to determine customers' needs (e.g. assessing various trends in society which influence customers' needs)	1	2	3
13.3	A unique selling point/targets a specific niche market (specific group of customers)	1	2	3
13.4	Continual monitoring of customer satisfaction (feedback, sales figures, etc.)	1	2	3
13.5	A good reputation	1	2	3
13.6	Online services	1	2	3
13.7	Systems for receiving, storage, preparation and assembly of food and for clearing and cleaning	1	2	3
13.8	Control of materials and production processes	1	2	3
13.9	Adherences to regulations, legislation and bargaining councils (labour rates) relating to SICs in Cape Town	1	2	3
13.10	Adequate skilled labour	1	2	3
13.11	Loyal and committed employees	1	2	3
13.12	Adequate financial resources such as strong cash flow, low debt levels and good credit-rating	1	2	3
13.13	Collection of information about suppliers such as their reputation, knowledge of their products, their stock lists and their pricing policies	1	2	3
13.14	Good transportation vehicles	1	2	3

SECTION 3: FACTORS IN THE MARKET ENVIRONMENT

The market environment is the part of the external environment found directly outside the business. The sectors in this environment are the market (customers), competitors, suppliers and intermediaries.

Q14. Please indicate whether the factors below, pertaining to customers and competitors, impact your business.

		Not at all	Sometimes	Usually	Always
14.1	Customers are more demanding with regard to wanting value for money	1	2	3	4
14.2	Customers have increased product knowledge (e.g. organic foods)	1	2	3	4
14.3	Customers are more informed about various and alternative catering options available to them	1	2	3	4
14.4	Customers switch caterers easily	1	2	3	4
14.5	There is a high degree of rivalry among existing competitors	1	2	3	4
14.6	New competitors (caterers) continually appear in the market	1	2	3	4
14.7	New types of competition or competitive substitute products continually arise	1	2	3	4
14.8	Competitors are continually monitored (e.g. their pricing, menu items, services offered)	1	2	3	4

Q15. Please indicate whether the factors below are applicable to your suppliers.

		Not at all	Sometimes	Usually	Always
15.1	Your suppliers pay particular attention to quality or standards	1	2	3	4
15.2	Good working relationships and understanding of each other's responsibilities exist between you and your food suppliers	1	2	3	4
15.3	A good and reasonably priced supply of catering equipment exists in Cape Town	1	2	3	4
15.4	A good and reasonably priced supply of food and beverage products exists in Cape Town	1	2	3	4
15.5	A good supply of catering IT systems (services ranging from hardware, software, installation and training) exists in Cape Town	1	2	3	4

Q16. Please indicate whether the following intermediaries impact your business.

		Not at all	Sometimes	Usually	Always
16.1	Wholesalers	1	2	3	4
16.2	Bankers/banks	1	2	3	4
16.3	Insurance agents	1	2	3	4
16.4	Apps which link caterers and customers	1	2	3	4
16.5	Agents such as wedding and event planners (facilitating business between the business and customers)	1	2	3	4

SECTION 4: FACTORS IN THE MACRO ENVIRONMENT

The macro environment contains various variables which influence the business indirectly. The sectors in the macro environment are the following: socio-cultural, technological, economic, physical, political-legal and international.

Q17. Please indicate whether the following factors in these sectors impact your business.

		Not at all	Sometimes	Usually	Always
17.1	Demographical changes such as the increase in smaller families/increase in double income households	1	2	3	4
17.2	Less time available for consumers for food preparation	1	2	3	4
17.3	The trend toward more healthful eating/use of organic products/vegetarianism	1	2	3	4
17.4	Easy access to the internet, mobile apps and social media by consumers (e.g. accessing caterers' websites, ordering meals, evaluating catering events)	1	2	3	4
17.5	Effects of the internet on caterers (e.g. new ideas and catering opportunities, faster speed in sourcing food products)	1	2	3	4
17.6	Technological changes in catering software (e.g. online reservation systems, creation of client accounts, stock figures, recipe management)	1	2	3	4
17.7	Unemployment levels/diminished disposable income by consumers	1	2	3	4
17.8	Current state of the economy	1	2	3	4
17.9	Economic impact of water scarcity	1	2	3	4
17.10	Trends in energy conservation (more efficient cooking, refrigeration, dishwasher and ventilation systems)	1	2	3	4
17.11	Trends in waste management and recycling	1	2	3	4
17.12	Trend in presenting businesses as 'caring for the environment'	1	2	3	4

17.13	Regulations relating to food hygiene (e.g. licencing and certification of all food preparation facilities)	1	2	3	4
17.14	Regulations relating to labour issues (e.g. health and safety at work)	1	2	3	4
17.15	Regulations applying to transport of food	1	2	3	4
17.16	Latest catering trends in the international media	1	2	3	4
17.17	Customers gaining knowledge through international travel, of other countries' foods and beverages	1	2	3	4

Q18. Please state any other factors which currently have a significant impact on your business.

18.1	
18.2	

SECTION 5: DEMOGRAPHICS

Q19. Please indicate your role or position in the business:

Owner	1
Manager (full-time) with insight into the strategic planning of the business	2
Owner who is also the manager (full-time)	3
Other (please specify)	4

Q20. Please state the number of years you have been in this role/position:

Q21. Please indicate your gender:

Male 1	Female 2

Q22. Please indicate your age group:

18 - 30	1
31 - 40	2
41 - 50	3
51 – 60	4
Over 60	5

Thank you very much for your participation.

APPENDIX D:
FREQUENCY TABLES OF DESCRIPTIVE STATISTICS

Table 1: Age of Respondents (categories)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 30	13	11.6	11.6	11.6
	31 - 40	29	25.9	25.9	37.5
	41 - 50	40	35.7	35.7	73.2
	51+ yrs	30	26.8	26.8	100.0
	Total	112	100.0	100.0	

Table 2: Number of Years in Role/Position (categories)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 4 yrs	41	36.6	36.6	36.6
	11+ yrs	31	27.7	27.7	64.3
	5 - 10 yrs	40	35.7	35.7	100.0
	Total	112	100.0	100.0	

Table 3: Number of Years Business Has Been In Operation (categories)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 4 yrs	39	34.8	34.8	34.8
	13+ yrs	33	29.5	29.5	64.3
	5 - 12 yrs	40	35.7	35.7	100.0
	Total	112	100.0	100.0	

Table 4: Located in Business Premises or House

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business premises	48	42.9	42.9	42.9
	House	64	57.1	57.1	100.0
	Total	112	100.0	100.0	

Table 5: Number of Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	4	3.6	4.7	4.7
	1	20	17.9	23.3	27.9
	2	16	14.3	18.6	46.5
	3	8	7.1	9.3	55.8
	4	9	8.0	10.5	66.3
	5	5	4.5	5.8	72.1
	6	4	3.6	4.7	76.7
	7	3	2.7	3.5	80.2
	8	3	2.7	3.5	83.7
	9	1	.9	1.2	84.9
	10	4	3.6	4.7	89.5
	12	2	1.8	2.3	91.9
	13	1	.9	1.2	93.0
	14	1	.9	1.2	94.2
	15	1	.9	1.2	95.3
	20	1	.9	1.2	96.5
	28	1	.9	1.2	97.7
	32	1	.9	1.2	98.8
	35	1	.9	1.2	100.0
	Total	86	76.8	100.0	
Missing	System	26	23.2		
Total		112	100.0		

Table 6: Actively Maintained Website

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	47	42.0	42.0	42.0
	Yes	65	58.0	58.0	100.0
	Total	112	100.0	100.0	

Table 7: Name of Suburb Where Business is Situated (A1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.9	.9	.9
	AIRPORT CITY	1	.9	.9	1.8
	ATHLONE	1	.9	.9	2.7
	BELLVILLE	1	.9	.9	3.6
	BISHOP LAVIS	1	.9	.9	4.5
	BONTEHEUWEL CAPE TOWN	1	.9	.9	5.4
	BONTEHEUWEL IN CAPE TOWN	1	.9	.9	6.3
	BRACKENFELL & MILNERTON	1	.9	.9	7.1
	BRAKENFELL	1	.9	.9	8.0
	BROOKLYN - CAPE TOWN	1	.9	.9	8.9
	CAMPS BAY	1	.9	.9	9.8
	CAPE FLATS	1	.9	.9	10.7
	CAPE TOWN	1	.9	.9	11.6
	CAPE TOWN CBD	1	.9	.9	12.5
	CITY BOWL - CBD	1	.9	.9	13.4
	CLAREMONT CAPE TOWN	1	.9	.9	14.3
	CRAWFORD	1	.9	.9	15.2
	CRAWFORD, SOUTHERN SUBURBS	1	.9	.9	16.1
	DIEP RIVER	1	.9	.9	17.0
	DIEPRIVER, CAPE TOWN	1	.9	.9	17.9
	DURBANVILLE	1	.9	.9	18.8
	EDGEMEAD	2	1.8	1.8	20.5
	FAIRWAYS	1	.9	.9	21.4
	FERNESS ESTATE OTTERY	1	.9	.9	22.3
	GOODWOOD	4	3.6	3.6	25.9
	GORDON'S BAY INDUSTRIAL AREA.	1	.9	.9	26.8
	HARFIELD VILLAGE	1	.9	.9	27.7
	HELDERBERG	1	.9	.9	28.6
	HOUT BAY, CAPE TOWN	1	.9	.9	29.5
	KENSINGTON	2	1.8	1.8	31.3

KOMMETJIE	1	.9	.9	32.1
KRAAIFONTEIN	1	.9	.9	33.0
KUILS RIVER	1	.9	.9	33.9
LAKESIDE / MUIZENBERG	1	.9	.9	34.8
LANSDOWNE	2	1.8	1.8	36.6
MAITLAND	1	.9	.9	37.5
MANDALAY	1	.9	.9	38.4
MILNERTON	2	1.8	1.8	40.2
MILNERTON, CAPE TOWN	1	.9	.9	41.1
MOWBRAY	2	1.8	1.8	42.9
MUIZENBERG	1	.9	.9	43.8
NORTHERN SUBURB	1	.9	.9	44.6
NORTHERN	2	1.8	1.8	46.4
NORTHERN SUBURB	1	.9	.9	47.3
NORTHERN SUBURB CAPE TOWN	1	.9	.9	48.2
NORTHERN SUBURBS	2	1.8	1.8	50.0
OBSERVATORY	2	1.8	1.8	51.8
OTTERY	1	.9	.9	52.7
OTTERY, CAPE TOWN	1	.9	.9	53.6
PAARDEN EILAND	2	1.8	1.8	55.4
PAARL	2	1.8	1.8	57.1
PANORAMA	1	.9	.9	58.0
PAROW	2	1.8	1.8	59.8
PAROW INDUSTRIA	3	2.7	2.7	62.5
PAROW INDUSTRIAL AREA	1	.9	.9	63.4
PAROW VALLEY	1	.9	.9	64.3
PELICAN PARK	1	.9	.9	65.2
PINELANDS	1	.9	.9	66.1
PLUMSTEAD	5	4.5	4.5	70.5
RAVENSMEAD	1	.9	.9	71.4
RETREAT	3	2.7	2.7	74.1
RONDEBOSCH	1	.9	.9	75.0
ROSEBANK	1	.9	.9	75.9
RYLANDS, CAPE TOWN	1	.9	.9	76.8
SALT RIVER	1	.9	.9	77.7

	SOMERSET WEST	2	1.8	1.8	79.5
	SOMERSET WEST, WESTERN CAPE	1	.9	.9	80.4
	SOUTHERN / NORTHERN (PINELANDS)	1	.9	.9	81.3
	SOUTHERN SUBURBS	2	1.8	1.8	83.0
	SOUTHERN SUBURBS, CLAREMONT, CAPE TOWN	1	.9	.9	83.9
	STELLENBOSCH	4	3.6	3.6	87.5
	STELLENBOSCH, WESTERN CAPE	1	.9	.9	88.4
	STRAND	1	.9	.9	89.3
	STRANDFONTEIN, MITCHELL'S PLAIN SUBURB	1	.9	.9	90.2
	TABLE VIEW	1	.9	.9	91.1
	TABLEVIEW	1	.9	.9	92.0
	WELLINGTON	1	.9	.9	92.9
	WELLINGTON WESTERN CAPE	1	.9	.9	93.8
	WESTERN CAPE, CAPE TOWN	1	.9	.9	94.6
	WETTON	2	1.8	1.8	96.4
	WOODSTOCK, CAPE TOWN	2	1.8	1.8	98.2
	WOODSTOCK, CAPE TOWN 7925	1	.9	.9	99.1
	WYNBERG	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 8: Located in Business Premises or House (A2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business premises	48	42.9	42.9	42.9
	House	64	57.1	57.1	100.0
	Total	112	100.0	100.0	

Table 9: Number of Years Business has Been In Operation (A3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	9	8.0	8.0	8.0
	2	11	9.8	9.8	17.9
	3	9	8.0	8.0	25.9
	4	10	8.9	8.9	34.8
	5	9	8.0	8.0	42.9
	6	5	4.5	4.5	47.3
	8	2	1.8	1.8	49.1
	9	6	5.4	5.4	54.5
	10	11	9.8	9.8	64.3
	11	3	2.7	2.7	67.0
	12	4	3.6	3.6	70.5
	13	1	.9	.9	71.4
	14	4	3.6	3.6	75.0
	15	5	4.5	4.5	79.5
	16	2	1.8	1.8	81.3
	17	2	1.8	1.8	83.0
	18	4	3.6	3.6	86.6
	19	1	.9	.9	87.5
	20	5	4.5	4.5	92.0
	21	1	.9	.9	92.9
	22	2	1.8	1.8	94.6
	23	1	.9	.9	95.5
	25	1	.9	.9	96.4
	27	2	1.8	1.8	98.2
	33	1	.9	.9	99.1
	39	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 10: Actively Maintained Website (A4.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	47	42.0	42.0	42.0
	Yes	65	58.0	58.0	100.0
	Total	112	100.0	100.0	

Table 11: Listing in Online Yellow Pages (A4.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	105	93.8	93.8	93.8
	Yes	7	6.3	6.3	100.0
	Total	112	100.0	100.0	

Table 12: Facebook Page (A4.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	16	14.3	14.3	14.3
	Yes	96	85.7	85.7	100.0
	Total	112	100.0	100.0	

Table 13: Other Forms of Promotion (A4.other)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		56	50.0	50.0	50.0
	ADWORDS	2	1.8	1.8	51.8
	BUSY SETTING UP A NEW WEBSITE ALSO ON INSTAGRAM	1	.9	.9	52.7
	DATABASE AND WHATSAPP	1	.9	.9	53.6
	EMAIL AND WHATSAPP	1	.9	.9	54.5
	EMAIL CORRESPONDENCE	1	.9	.9	55.4
	GOOGLE ADS	1	.9	.9	56.3

GOOGLE PAGES	1	.9	.9	57.1
GUMTREE	2	1.8	1.8	58.9
GUMTREE, HOMESTAY, AIRBNB, OLX, WORD OF MOUTH	1	.9	.9	59.8
I'M IN THE PROCESS OF GETTING A NEW WEBSITE THIS WEEK	1	.9	.9	60.7
INSTAGRAM	11	9.8	9.8	70.5
INSTAGRAM, EMAIL, TELEPHONE AND FACE TO FACE MEETINGS	1	.9	.9	71.4
INSTAGRAM	1	.9	.9	72.3
INSTAGRAM	1	.9	.9	73.2
LINKEDIN	2	1.8	1.8	75.0
LISTEN IN NORMAL DIRECTORY	1	.9	.9	75.9
LOCAL PUBLICATIONS	1	.9	.9	76.8
NEWSPAPER	1	.9	.9	77.7
ON THE VENUES WHERE I WORK	1	.9	.9	78.6
RECIPE BOOKS, LOW LEVEL SOCIAL MEDIA, WORD OF MOUTH	1	.9	.9	79.5
REFERRAL	1	.9	.9	80.4
REFERRALS ONLY	1	.9	.9	81.3
REFERRALS AND RETURN BUSINESS	1	.9	.9	82.1
THROUGH MY CATERING JOB AT A SCHOOL	1	.9	.9	83.0
TWITTER	2	1.8	1.8	84.8
VARIOUS SOCIAL MEDIA, GOOGLE ADS, ETC.	1	.9	.9	85.7
VARIOUS WEBSITES	1	.9	.9	86.6
VEHICLE BRANDING	1	.9	.9	87.5
WATSAPP GROUP	1	.9	.9	88.4
WHATSAPP BROADCAST LIST	1	.9	.9	89.3
WORD OF MOUTH	12	10.7	10.7	100.0
Total	112	100.0	100.0	

Table 14: Size of Business (A5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		3	2.7	2.7	2.7
	Other	22	19.6	19.6	22.3
	Small business	29	25.9	25.9	48.2
	Very small business	58	51.8	51.8	100.0
	Total	112	100.0	100.0	

Table 15: Size of Business (A5.other)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		88	78.6	78.6	78.6
	#NAME?	1	.9	.9	79.5
	12 MIL TURNOVER ASSETS R6MIL	1	.9	.9	80.4
	15MIL+	1	.9	.9	81.3
	ANNUAL TURNOVER IS R130K	1	.9	.9	82.1
	LESS R8M ASSETS MORE THAN R2M	1	.9	.9	83.0
	LESS THAN A MILLION TURNOVER	1	.9	.9	83.9
	LESS THAN R 20 000 ANNUAL	1	.9	.9	84.8
	LESS THAN R10 MILLION	1	.9	.9	85.7
	LESS THAN R100 000.00 PER ANNUAL	1	.9	.9	86.6
	LESS THAN R500 000.00	1	.9	.9	87.5
	LESS THAN THAT! I PREDOMINANTLY DO PERSONAL CHEF WORK, WITH SOME CATERING WORK BETWEEN	1	.9	.9	88.4
	LESS THEN R1000	1	.9	.9	89.3
	MAYBE 15000 TO 30000	1	.9	.9	90.2
	MEDIUM	1	.9	.9	91.1
	MEDIUM ENTERPRISE	1	.9	.9	92.0
	MUCH SMALLER	1	.9	.9	92.9

	N/A	1	.9	.9	93.8
	PART-TIME BUSINESS	1	.9	.9	94.6
	R10,000 PER ANNUM	1	.9	.9	95.5
	SMALLER	1	.9	.9	96.4
	TINY BUSINESS LESS THAN 1 MILLION TURN OVER	1	.9	.9	97.3
	TOTAL ANNUAL TURNOVER LESS THAN 1 MILLION	1	.9	.9	98.2
	TURNOVER OF ABOUT R300 000 TO 400 000	1	.9	.9	99.1
	VERY SMALL BUSINESS- TOTAL ANNUAL TURNOVER LESS THAN R 150.000 AND TOTAL GROSS ASSETS VALUE OF LESS THAN R50.000	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 16: Number of Fulltime Employees (A6.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	22	19.6	21.4	21.4
	1	20	17.9	19.4	40.8
	2	16	14.3	15.5	56.3
	3	8	7.1	7.8	64.1
	4	8	7.1	7.8	71.8
	5	5	4.5	4.9	76.7
	6	4	3.6	3.9	80.6
	7	3	2.7	2.9	83.5
	8	3	2.7	2.9	86.4
	9	1	.9	1.0	87.4
	10	4	3.6	3.9	91.3
	12	2	1.8	1.9	93.2
	13	1	.9	1.0	94.2
	14	1	.9	1.0	95.1
	15	1	.9	1.0	96.1
	20	1	.9	1.0	97.1

	28	1	.9	1.0	98.1
	32	1	.9	1.0	99.0
	35	1	.9	1.0	100.0
	Total	103	92.0	100.0	
Missing	System	9	8.0		
Total		112	100.0		

Table 17: Number of Part-time Employees (A6.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	29	25.9	28.2	28.2
	1	15	13.4	14.6	42.7
	2	9	8.0	8.7	51.5
	3	7	6.3	6.8	58.3
	4	9	8.0	8.7	67.0
	5	5	4.5	4.9	71.8
	6	5	4.5	4.9	76.7
	7	2	1.8	1.9	78.6
	8	1	.9	1.0	79.6
	10	11	9.8	10.7	90.3
	12	2	1.8	1.9	92.2
	15	2	1.8	1.9	94.2
	30	2	1.8	1.9	96.1
	35	1	.9	1.0	97.1
	50	1	.9	1.0	98.1
	100	1	.9	1.0	99.0
	150	1	.9	1.0	100.0
	Total	103	92.0	100.0	
Missing	System	9	8.0		
Total		112	100.0		

Table 18: Number of Seasonal Employees (A6.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	46	41.1	44.7	44.7
	1	2	1.8	1.9	46.6
	2	7	6.3	6.8	53.4
	3	7	6.3	6.8	60.2
	4	12	10.7	11.7	71.8
	5	5	4.5	4.9	76.7
	6	1	.9	1.0	77.7
	7	1	.9	1.0	78.6
	8	1	.9	1.0	79.6
	10	6	5.4	5.8	85.4
	11	1	.9	1.0	86.4
	12	3	2.7	2.9	89.3
	15	2	1.8	1.9	91.3
	17	1	.9	1.0	92.2
	20	2	1.8	1.9	94.2
	24	1	.9	1.0	95.1
	25	1	.9	1.0	96.1
	30	2	1.8	1.9	98.1
	40	1	.9	1.0	99.0
	50	1	.9	1.0	100.0
	Total	103	92.0	100.0	
Missing	System	9	8.0		
Total		112	100.0		

Table 19: Member of FEDHASA or Not (A7.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	109	97.3	97.3	97.3
	Yes	3	2.7	2.7	100.0
	Total	112	100.0	100.0	

Table 20: Member of SA CHEFS or Not (A7.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	107	95.5	95.5	95.5
	Yes	5	4.5	4.5	100.0
	Total	112	100.0	100.0	

Table 21: Not a Member of any Association (A7.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	12	10.7	10.7	10.7
	Yes	100	89.3	89.3	100.0
	Total	112	100.0	100.0	

Table 22: Names of other Associations a Member of (A7.other)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		108	96.4	96.4	96.4
	I'VE BEEN A MEMBER OF SACA, BUT AM NOT AT THE MOMENT	1	.9	.9	97.3
	ICSA, SEESA,	1	.9	.9	98.2
	RASA, SCASA	1	.9	.9	99.1
	WESTERN CAPE SUPPLIER DATABASE	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 23: Approximate Contribution to Revenue (percentages) from Business Catering (A8.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	4	3.6	4.3	4.3
	1	2	1.8	2.1	6.4
	5	7	6.3	7.4	13.8
	10	13	11.6	13.8	27.7
	15	3	2.7	3.2	30.9
	20	5	4.5	5.3	36.2
	25	3	2.7	3.2	39.4
	30	9	8.0	9.6	48.9
	35	1	.9	1.1	50.0
	40	5	4.5	5.3	55.3
	43	1	.9	1.1	56.4
	50	10	8.9	10.6	67.0
	55	2	1.8	2.1	69.1
	60	6	5.4	6.4	75.5
	65	1	.9	1.1	76.6
	70	4	3.6	4.3	80.9
	75	2	1.8	2.1	83.0
	80	6	5.4	6.4	89.4
	85	1	.9	1.1	90.4
	90	6	5.4	6.4	96.8
	95	1	.9	1.1	97.9
	100	2	1.8	2.1	100.0
	Total	94	83.9	100.0	
Missing	System	18	16.1		
Total		112	100.0		

Table 24: Approximate Contribution to Revenue (percentages) from Social Catering (A8.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	2	1.8	2.0	2.0
	1	1	.9	1.0	3.1
	5	4	3.6	4.1	7.1
	10	10	8.9	10.2	17.3
	15	3	2.7	3.1	20.4
	20	7	6.3	7.1	27.6
	25	1	.9	1.0	28.6
	30	6	5.4	6.1	34.7
	35	2	1.8	2.0	36.7
	40	9	8.0	9.2	45.9
	45	1	.9	1.0	46.9
	50	11	9.8	11.2	58.2
	57	1	.9	1.0	59.2
	60	6	5.4	6.1	65.3
	65	1	.9	1.0	66.3
	70	7	6.3	7.1	73.5
	75	2	1.8	2.0	75.5
	80	4	3.6	4.1	79.6
	85	3	2.7	3.1	82.7
	90	11	9.8	11.2	93.9
	95	2	1.8	2.0	95.9
	100	4	3.6	4.1	100.0
	Total	98	87.5	100.0	
Missing	System	14	12.5		
Total		112	100.0		

Table 25: Approximate Contribution to Revenue (percentages) from Other Catering (A8.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	74	66.1	82.2	82.2
	5	1	.9	1.1	83.3
	10	1	.9	1.1	84.4
	15	1	.9	1.1	85.6
	20	3	2.7	3.3	88.9
	25	1	.9	1.1	90.0
	50	4	3.6	4.4	94.4
	60	1	.9	1.1	95.6
	80	3	2.7	3.3	98.9
	90	1	.9	1.1	100.0
	Total	90	80.4	100.0	
Missing	System	22	19.6		
Total		112	100.0		

Table 26: Total Percentage from all forms of Catering (A8_Total)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.9	1.0	1.0
	6	1	.9	1.0	2.0
	10	2	1.8	2.0	4.0
	30	1	.9	1.0	5.1
	35	1	.9	1.0	6.1
	40	1	.9	1.0	7.1
	60	1	.9	1.0	8.1
	70	2	1.8	2.0	10.1
	80	1	.9	1.0	11.1
	91	1	.9	1.0	12.1
	100	84	75.0	84.8	97.0
	105	1	.9	1.0	98.0
	110	1	.9	1.0	99.0
	200	1	.9	1.0	100.0

	Total	99	88.4	100.0	
Missing	System	13	11.6		
Total		112	100.0		

Table 27: Other Forms of Catering (A8.specify)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		98	87.5	87.5	87.5
	B2BPROVIDING HALAL FOOD TO THE HOSPITALITY INDUSTRY. E.G. HOTELS, RESTAURANTS, TOUR OPERATORS, CONFERENCING VENUES ETC	1	.9	.9	88.4
	COOKING CLASES	1	.9	.9	89.3
	FILM CATERING	1	.9	.9	90.2
	FILM INDUSTRY	1	.9	.9	91.1
	GOVERNMENT	1	.9	.9	92.0
	IT'S A SECRET	1	.9	.9	92.9
	MOSTLY CATERING FOR GOVERNMENT DEPARTMENTS	1	.9	.9	93.8
	PERSONAL CHEF CLIENTS... ON SITE AND COOKING FROM MY OWN HOME	1	.9	.9	94.6
	PRE WEDDING FUNCTIONS	1	.9	.9	95.5
	SCHOOL CATERING	1	.9	.9	96.4
	SCHOOL FUNCTIONS	1	.9	.9	97.3
	TAKEAWAY OUTLET.	1	.9	.9	98.2
	TRADE UNIONS AND NGO'S & NPO'S	1	.9	.9	99.1
	WE HAVE A BUSY DELI RESTAURANT. AMOUNTS FROM SOCIAL CATERING VARY QUITE DRASTICALLY IN SUMMER, NOVEMBER AND FEBRUARY BEING OUR BUSIEST MONTHS. INCOME FROM CATERED PARTIES (PRIVATE) ACCOUNTED FOR 28% OF INCOME, BUSINESS CATERING 21% AND OUR SHOP THE BALANCE OF THE INCOME.	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 28: Approximate Contribution to Revenue (percentages) from On-Premise Catering (A9.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	22	19.6	23.2	23.2
	1	3	2.7	3.2	26.3
	5	2	1.8	2.1	28.4
	10	6	5.4	6.3	34.7
	15	2	1.8	2.1	36.8
	16	1	.9	1.1	37.9
	20	4	3.6	4.2	42.1
	25	1	.9	1.1	43.2
	30	2	1.8	2.1	45.3
	40	1	.9	1.1	46.3
	50	11	9.8	11.6	57.9
	60	2	1.8	2.1	60.0
	70	6	5.4	6.3	66.3
	75	2	1.8	2.1	68.4
	80	2	1.8	2.1	70.5
	85	4	3.6	4.2	74.7
	90	10	8.9	10.5	85.3
	95	4	3.6	4.2	89.5
	98	1	.9	1.1	90.5
	99	1	.9	1.1	91.6
	100	8	7.1	8.4	100.0
	Total	95	84.8	100.0	
Missing	System	17	15.2		
Total		112	100.0		

Table 29: Approximate Contribution to Revenue (percentages) from Off-Premise Catering (A9.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	8	7.1	8.6	8.6
	1	1	.9	1.1	9.7
	2	1	.9	1.1	10.8
	4	1	.9	1.1	11.8
	5	4	3.6	4.3	16.1
	10	11	9.8	11.8	28.0
	15	4	3.6	4.3	32.3
	20	4	3.6	4.3	36.6
	25	2	1.8	2.2	38.7
	30	5	4.5	5.4	44.1
	40	2	1.8	2.2	46.2
	50	11	9.8	11.8	58.1
	70	1	.9	1.1	59.1
	75	1	.9	1.1	60.2
	80	4	3.6	4.3	64.5
	84	1	.9	1.1	65.6
	85	2	1.8	2.2	67.7
	90	5	4.5	5.4	73.1
	95	2	1.8	2.2	75.3
	99	1	.9	1.1	76.3
	100	22	19.6	23.7	100.0
	Total	93	83.0	100.0	
Missing	System	19	17.0		
Total		112	100.0		

Table 30: Total Percentage from On-Premise and Off-Premise Catering (A9_Total)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.9	1.0	1.0
	5	1	.9	1.0	2.1
	20	1	.9	1.0	3.1
	30	1	.9	1.0	4.2
	40	2	1.8	2.1	6.3
	70	1	.9	1.0	7.3
	100	89	79.5	92.7	100.0
	Total	96	85.7	100.0	
Missing	System	16	14.3		
Total		112	100.0		

Table 31: Approximate Contribution to Revenue (percentages) from Budget Events (A10.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	18	16.1	19.8	19.8
	1	1	.9	1.1	20.9
	5	8	7.1	8.8	29.7
	10	10	8.9	11.0	40.7
	15	2	1.8	2.2	42.9
	20	10	8.9	11.0	53.8
	25	1	.9	1.1	54.9
	30	4	3.6	4.4	59.3
	40	6	5.4	6.6	65.9
	45	1	.9	1.1	67.0
	47	1	.9	1.1	68.1
	50	8	7.1	8.8	76.9
	55	2	1.8	2.2	79.1
	60	5	4.5	5.5	84.6
	70	5	4.5	5.5	90.1
	75	2	1.8	2.2	92.3

	80	3	2.7	3.3	95.6
	90	1	.9	1.1	96.7
	95	1	.9	1.1	97.8
	100	2	1.8	2.2	100.0
	Total	91	81.3	100.0	
Missing	System	21	18.8		
Total		112	100.0		

Table 32: A Approximate Contribution to Revenue (percentages) from Midscale Events (A10.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	4	3.6	4.3	4.3
	5	1	.9	1.1	5.4
	10	8	7.1	8.6	14.0
	15	1	.9	1.1	15.1
	20	11	9.8	11.8	26.9
	25	6	5.4	6.5	33.3
	30	5	4.5	5.4	38.7
	35	3	2.7	3.2	41.9
	40	10	8.9	10.8	52.7
	41	1	.9	1.1	53.8
	45	2	1.8	2.2	55.9
	50	10	8.9	10.8	66.7
	55	1	.9	1.1	67.7
	60	9	8.0	9.7	77.4
	70	6	5.4	6.5	83.9
	75	2	1.8	2.2	86.0
	80	4	3.6	4.3	90.3
	90	3	2.7	3.2	93.5
	100	6	5.4	6.5	100.0
	Total	93	83.0	100.0	
Missing	System	19	17.0		
Total		112	100.0		

Table 33: Approximate Contribution to Revenue (percentages) from Upscale Events (A10.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	22	19.6	24.4	24.4
	5	6	5.4	6.7	31.1
	10	9	8.0	10.0	41.1
	12	1	.9	1.1	42.2
	15	2	1.8	2.2	44.4
	20	11	9.8	12.2	56.7
	25	3	2.7	3.3	60.0
	30	7	6.3	7.8	67.8
	35	1	.9	1.1	68.9
	40	8	7.1	8.9	77.8
	50	5	4.5	5.6	83.3
	60	3	2.7	3.3	86.7
	70	3	2.7	3.3	90.0
	75	2	1.8	2.2	92.2
	80	3	2.7	3.3	95.6
	85	1	.9	1.1	96.7
	90	1	.9	1.1	97.8
	100	2	1.8	2.2	100.0
	Total	90	80.4	100.0	
Missing	System	22	19.6		
Total		112	100.0		

Table 34: Total Percentage from All Events (A10_Total)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	1	.9	1.0	1.0
	1	1	.9	1.0	2.0
	10	1	.9	1.0	3.1
	15	1	.9	1.0	4.1
	60	2	1.8	2.0	6.1

	65	1	.9	1.0	7.1
	70	1	.9	1.0	8.2
	80	1	.9	1.0	9.2
	90	1	.9	1.0	10.2
	95	1	.9	1.0	11.2
	100	85	75.9	86.7	98.0
	105	1	.9	1.0	99.0
	170	1	.9	1.0	100.0
	Total	98	87.5	100.0	
Missing	System	14	12.5		
Total		112	100.0		

Table 35: Business has Mission Statement (B11.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	45	40.2	40.2	40.2
	Yes	67	59.8	59.8	100.0
	Total	112	100.0	100.0	

Table 36: Business has Vision Statement (B11.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	47	42.0	42.0	42.0
	Yes	65	58.0	58.0	100.0
	Total	112	100.0	100.0	

Table 37: Business has Objectives/Goals (B11.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	25	22.3	22.3	22.3
	Yes	87	77.7	77.7	100.0
	Total	112	100.0	100.0	

Table 38: Extent to which Owner/Manager Possesses Leadership Skills (B12.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	1.8	1.8	1.8
	3	5	4.5	4.5	6.3
	4	22	19.6	19.6	25.9
	5	83	74.1	74.1	100.0
	Total	112	100.0	100.0	

Table 39: Extent to which Owner/Manager Possesses Negotiating Skills (B12.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	1.8	1.8	1.8
	3	17	15.2	15.2	17.0
	4	27	24.1	24.1	41.1
	5	66	58.9	58.9	100.0
	Total	112	100.0	100.0	

Table 40: Extent to which Owner/Manager Possesses Organisational Skills (B12.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	1.8	1.8	1.8
	3	9	8.0	8.0	9.8
	4	15	13.4	13.4	23.2
	5	86	76.8	76.8	100.0
	Total	112	100.0	100.0	

Table 41: Extent to which Owner/Manager Possesses Time-management Skills (B12.4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	5	4.5	4.5	4.5
	3	8	7.1	7.1	11.6
	4	22	19.6	19.6	31.3
	5	77	68.8	68.8	100.0
	Total	112	100.0	100.0	

Table 42: Extent to which Owner/Manager Possesses Ability to Manage Stress (B12.5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.9	.9	.9
	2	2	1.8	1.8	2.7
	3	14	12.5	12.5	15.2
	4	29	25.9	25.9	41.1
	5	66	58.9	58.9	100.0
	Total	112	100.0	100.0	

Table 43: Extent to which Owner/Manager Possesses Knowledge of Ingredients Used in Food (B12.6)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	4	3.6	3.6	3.6
	4	17	15.2	15.2	18.8
	5	91	81.3	81.3	100.0
	Total	112	100.0	100.0	

Table 44: Extent to which Owner/Manager Possesses Knowledge of Social And Religious Cultures Which Affect The Business (B12.7)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.8	1.8	1.8
	2	6	5.4	5.4	7.1
	3	5	4.5	4.5	11.6
	4	21	18.8	18.8	30.4
	5	78	69.6	69.6	100.0
	Total	112	100.0	100.0	

Table 45: Extent to which Owner/Manager Possesses Knowledge of Social Media Use (B12.8)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	3.6	3.6	3.6
	2	5	4.5	4.5	8.0
	3	24	21.4	21.4	29.5
	4	27	24.1	24.1	53.6
	5	52	46.4	46.4	100.0
	Total	112	100.0	100.0	

Table 46: Extent to which Owner/Manager Possesses Networking Skills (B12.9)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	3.6	3.6	3.6
	2	7	6.3	6.3	9.8
	3	25	22.3	22.3	32.1
	4	22	19.6	19.6	51.8
	5	54	48.2	48.2	100.0
	Total	112	100.0	100.0	

Table 47: Business has a Marketing Strategy (B13.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	27	24.1	24.1	24.1
	Sometimes	39	34.8	34.8	58.9
	Yes	46	41.1	41.1	100.0
	Total	112	100.0	100.0	

Table 48: Business has a Strategy to Determine Customers' Needs (B13.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	17	15.2	15.2	15.2
	Sometimes	28	25.0	25.0	40.2
	Yes	67	59.8	59.8	100.0
	Total	112	100.0	100.0	

Table 49: Business has a Unique Selling Point/Targets a Specific Niche Market (B13.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	17	15.2	15.2	15.2
	Sometimes	28	25.0	25.0	40.2
	Yes	67	59.8	59.8	100.0
	Total	112	100.0	100.0	

Table 50: Business Continually Monitors Customer Satisfaction (B13.4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	5	4.5	4.5	4.5
	Sometimes	15	13.4	13.4	17.9
	Yes	92	82.1	82.1	100.0
	Total	112	100.0	100.0	

Table 51: Business has a Good Reputation (B13.5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sometimes	2	1.8	1.8	1.8
	Yes	110	98.2	98.2	100.0
	Total	112	100.0	100.0	

Table 52: Business has Online Services (B13.6)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	48	42.9	42.9	42.9
	Sometimes	20	17.9	17.9	60.7
	Yes	44	39.3	39.3	100.0
	Total	112	100.0	100.0	

Table 53: Business has Systems For Receiving, Storage, Preparation and Assembly of Food and for Clearing and Cleaning (B13.7)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	9	8.0	8.0	8.0
	Sometimes	9	8.0	8.0	16.1
	Yes	94	83.9	83.9	100.0
	Total	112	100.0	100.0	

Table 54: Business has Control of Materials and Production Processes (B13.8)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	8	7.1	7.1	7.1
	Sometimes	7	6.3	6.3	13.4
	Yes	97	86.6	86.6	100.0
	Total	112	100.0	100.0	

Table 55: Business Adheres to Laws and Bargaining Councils (Labour Rates) Relating to SICs in Cape Town (B13.9)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	21	18.8	18.8	18.8
	Sometimes	12	10.7	10.7	29.5
	Yes	79	70.5	70.5	100.0
	Total	112	100.0	100.0	

Table 56: Business has Adequate Skilled Labour (B13.10)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	13	11.6	11.6	11.6
	Sometimes	20	17.9	17.9	29.5
	Yes	79	70.5	70.5	100.0
	Total	112	100.0	100.0	

Table 57: Business has Loyal and Committed Employees (B13.11)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	8	7.1	7.1	7.1
	Sometimes	15	13.4	13.4	20.5
	Yes	89	79.5	79.5	100.0
	Total	112	100.0	100.0	

Table 58: Business has Adequate Financial Resources (B13.12)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	14	12.5	12.5	12.5
	Sometimes	30	26.8	26.8	39.3
	Yes	68	60.7	60.7	100.0
	Total	112	100.0	100.0	

Table 59: Business Collects Information About Suppliers (B13.13)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	13	11.6	11.6	11.6
	Sometimes	20	17.9	17.9	29.5
	Yes	79	70.5	70.5	100.0
	Total	112	100.0	100.0	

Table 60: Business has Good Transportation Vehicles (B13.14)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	9	8.0	8.0	8.0
	Sometimes	16	14.3	14.3	22.3
	Yes	87	77.7	77.7	100.0
	Total	112	100.0	100.0	

Table 61: Customers Are More Demanding with regard to Wanting Value for Money (C14.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.8	1.8	1.8
	2	21	18.8	18.8	20.5
	3	46	41.1	41.1	61.6
	4	43	38.4	38.4	100.0
	Total	112	100.0	100.0	

Table 62: Customers have Increased Product Knowledge (C14.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	10.7	10.7	10.7
	2	51	45.5	45.5	56.3
	3	37	33.0	33.0	89.3
	4	12	10.7	10.7	100.0
	Total	112	100.0	100.0	

Table 63: Customers are more Informed about Various And Alternative Catering Options Available To Them (C14.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	3.6	3.6	3.6
	2	44	39.3	39.3	42.9
	3	43	38.4	38.4	81.3
	4	21	18.8	18.8	100.0
	Total	112	100.0	100.0	

Table 64: Customers Switch Caterers Easily (C14.4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	11.6	11.6	11.6
	2	62	55.4	55.4	67.0
	3	24	21.4	21.4	88.4
	4	13	11.6	11.6	100.0
	Total	112	100.0	100.0	

Table 65: There is a High Degree of Rivalry Among Existing Competitors (C14.5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	22	19.6	19.6	19.6
	2	38	33.9	33.9	53.6
	3	23	20.5	20.5	74.1
	4	29	25.9	25.9	100.0
	Total	112	100.0	100.0	

Table 66: New Competitors (Caterers) Continually Appear in the Market (C14.6)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	3.6	3.6	3.6
	2	31	27.7	27.7	31.3
	3	23	20.5	20.5	51.8
	4	54	48.2	48.2	100.0
	Total	112	100.0	100.0	

Table 67: New Types Of Competition or Competitive Substitute Products Continually Arise (C14.7)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	7.1	7.1	7.1
	2	36	32.1	32.1	39.3
	3	23	20.5	20.5	59.8
	4	45	40.2	40.2	100.0
	Total	112	100.0	100.0	

Table 68: Competitors are Continually Monitored (C14.8)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	10.7	10.7	10.7
	2	35	31.3	31.3	42.0
	3	26	23.2	23.2	65.2
	4	39	34.8	34.8	100.0
	Total	112	100.0	100.0	

Table 69: Suppliers Pay Particular Attention to Quality or Standards (C15.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.8	1.8	1.8
	2	15	13.4	13.4	15.2
	3	38	33.9	33.9	49.1
	4	57	50.9	50.9	100.0
	Total	112	100.0	100.0	

Table 70: Good Working Relationships Exist With Food Suppliers (C15.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.9	.9	.9
	2	9	8.0	8.0	8.9
	3	32	28.6	28.6	37.5
	4	70	62.5	62.5	100.0
	Total	112	100.0	100.0	

Table 71: Good and Reasonably Priced Supply of Catering Equipment Exists in Cape Town (C15.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	5.4	5.4	5.4
	2	34	30.4	30.4	35.7
	3	42	37.5	37.5	73.2
	4	30	26.8	26.8	100.0
	Total	112	100.0	100.0	

Table 72: Good and Reasonably Priced Supply of Food and Beverage Products Exists in Cape Town (C15.4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	3.6	3.6	3.6
	2	22	19.6	19.6	23.2
	3	52	46.4	46.4	69.6
	4	34	30.4	30.4	100.0
	Total	112	100.0	100.0	

Table 73: Good Supply Of Catering IT Systems Exists in Cape Town (C15.5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	23	20.5	20.5	20.5
	2	36	32.1	32.1	52.7
	3	33	29.5	29.5	82.1
	4	20	17.9	17.9	100.0
	Total	112	100.0	100.0	

Table 74: Extent to which Wholesalers Impact the Business (C16.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	21.4	21.4	21.4
	2	33	29.5	29.5	50.9
	3	22	19.6	19.6	70.5
	4	33	29.5	29.5	100.0
	Total	112	100.0	100.0	

Table 75: Extent to which Bankers/Banks Impact the Business (C16.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	44	39.3	39.3	39.3
	2	30	26.8	26.8	66.1
	3	13	11.6	11.6	77.7
	4	25	22.3	22.3	100.0
	Total	112	100.0	100.0	

Table 76: Extent to which Insurance Agents Impact the Business (C16.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	61	54.5	54.5	54.5
	2	32	28.6	28.6	83.0
	3	8	7.1	7.1	90.2
	4	11	9.8	9.8	100.0
	Total	112	100.0	100.0	

Table 77: Extent to which Apps which link Caterers and Customers Impact the Business (C16.4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	63	56.3	56.3	56.3
	2	28	25.0	25.0	81.3
	3	8	7.1	7.1	88.4
	4	13	11.6	11.6	100.0
	Total	112	100.0	100.0	

Table 78: Extent to which Agents such as Wedding and Event Planners Impact the Business (C16.5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	28	25.0	25.0	25.0
	2	42	37.5	37.5	62.5
	3	23	20.5	20.5	83.0
	4	19	17.0	17.0	100.0
	Total	112	100.0	100.0	

Table 79: Impact of Demographical Changes such as the Increase in Smaller Families/Increase in Double Income Households (D17.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	36	32.1	32.1	32.1
	2	47	42.0	42.0	74.1
	3	17	15.2	15.2	89.3
	4	12	10.7	10.7	100.0
	Total	112	100.0	100.0	

Table 80: Impact of Less Time Available for Consumers for Food Preparation (D17.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	21.4	21.4	21.4
	2	43	38.4	38.4	59.8
	3	30	26.8	26.8	86.6
	4	15	13.4	13.4	100.0
	Total	112	100.0	100.0	

Table 81: Impact of the Trend Toward More Healthful Eating/Use of Organic Products/Vegetarianism (D17.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	15.2	15.2	15.2
	2	49	43.8	43.8	58.9
	3	24	21.4	21.4	80.4
	4	22	19.6	19.6	100.0
	Total	112	100.0	100.0	

Table 82: Impact of Easy access to the Internet, Mobile Apps and Social Media by Consumers (D17.4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	8.9	8.9	8.9
	2	32	28.6	28.6	37.5
	3	30	26.8	26.8	64.3
	4	40	35.7	35.7	100.0
	Total	112	100.0	100.0	

Table 83: Impact of the Internet on Caterers (D17.5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	7.1	7.1	7.1
	2	24	21.4	21.4	28.6
	3	35	31.3	31.3	59.8
	4	45	40.2	40.2	100.0
	Total	112	100.0	100.0	

Table 84: Impact of Technological Changes in Catering Software (D17.6)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	33	29.5	29.5	29.5
	2	35	31.3	31.3	60.7
	3	28	25.0	25.0	85.7
	4	16	14.3	14.3	100.0
	Total	112	100.0	100.0	

Table 85: Impact of Unemployment Levels/Diminished Disposable Income by Consumers (D17.7)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	21.4	21.4	21.4
	2	45	40.2	40.2	61.6
	3	27	24.1	24.1	85.7
	4	16	14.3	14.3	100.0
	Total	112	100.0	100.0	

Table 86: Impact of Current state of the Economy (D17.8)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	5.4	5.4	5.4
	2	32	28.6	28.6	33.9
	3	26	23.2	23.2	57.1
	4	48	42.9	42.9	100.0
	Total	112	100.0	100.0	

Table 87: Economic Impact of Water Scarcity (D17.9)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	11.6	11.6	11.6
	2	31	27.7	27.7	39.3
	3	22	19.6	19.6	58.9
	4	46	41.1	41.1	100.0
	Total	112	100.0	100.0	

Table 88: Impact of Trends in Energy Conservation (D17.10)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	20	17.9	17.9	17.9
	2	37	33.0	33.0	50.9
	3	26	23.2	23.2	74.1
	4	29	25.9	25.9	100.0
	Total	112	100.0	100.0	

Table 89: Impact of Trends in Waste Management and Recycling (D17.11)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	28	25.0	25.0	25.0
	2	33	29.5	29.5	54.5
	3	24	21.4	21.4	75.9
	4	27	24.1	24.1	100.0
	Total	112	100.0	100.0	

Table 90: Impact of Trend in Presenting Businesses as 'Caring For the Environment' (D17.12)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	21	18.8	18.8	18.8
	2	34	30.4	30.4	49.1
	3	22	19.6	19.6	68.8
	4	35	31.3	31.3	100.0
	Total	112	100.0	100.0	

Table 91: Impact of Laws Relating to Food Hygiene (D17.13)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	12.5	12.5	12.5
	2	23	20.5	20.5	33.0
	3	28	25.0	25.0	58.0
	4	47	42.0	42.0	100.0
	Total	112	100.0	100.0	

Table 92: Impact of Laws Relating to Labour Issues (D17.14)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	22	19.6	19.6	19.6
	2	25	22.3	22.3	42.0
	3	18	16.1	16.1	58.0
	4	47	42.0	42.0	100.0
	Total	112	100.0	100.0	

Table 93: Impact of Laws Applying to Transport Of Food (D17.15)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	27	24.1	24.1	24.1
	2	25	22.3	22.3	46.4
	3	22	19.6	19.6	66.1
	4	38	33.9	33.9	100.0
	Total	112	100.0	100.0	

Table 94: Impact of Latest Catering Trends in the International Media (D17.16)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	23	20.5	20.5	20.5
	2	40	35.7	35.7	56.3
	3	25	22.3	22.3	78.6
	4	24	21.4	21.4	100.0
	Total	112	100.0	100.0	

Table 95: Impact of Customers Gaining Knowledge Through International Travel, of Other Countries' Foods and Beverages (D17.17)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	22	19.6	19.6	19.6
	2	44	39.3	39.3	58.9
	3	20	17.9	17.9	76.8
	4	26	23.2	23.2	100.0
	Total	112	100.0	100.0	

Table 96: Impact of any Other Factors which Currently have a Significant Impact on the Business (D18.1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Competition related	2	1.8	1.8	1.8
	Customer related	6	5.4	5.4	7.1
	Economy/Economic - price increases etc.	17	15.2	15.2	22.3
	Environmental issues - water etc.	8	7.1	7.1	29.5
	Government related - regulations etc.	5	4.5	4.5	33.9
	Internal factors - staffing etc.	7	6.3	6.3	40.2
	No comments given	67	59.8	59.8	100.0
	Total	112	100.0	100.0	

Table 97: Impact of any Other Factors which Currently have a Significant Impact on the Business (D18.2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		105	93.8	93.8	93.8
	Competition related	1	.9	.9	94.6
	Customer related	2	1.8	1.8	96.4
	Economy/Economic - price increases etc.	1	.9	.9	97.3
	Environmental issues - water etc.	2	1.8	1.8	99.1
	Government related - regulations etc.	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 98: Impact of any Other Factors which Currently have a Significant Impact on the Business (D18.3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		109	97.3	97.3	97.3
	Customer related	1	.9	.9	98.2
	Economy/Economic - price increases etc.	1	.9	.9	99.1
	Government related - regulations etc.	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 99: Role or Position in the Business (E19)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager (full-time) with insight into the strategic planning of the business	14	12.5	12.5	12.5
	Owner	56	50.0	50.0	62.5
	Owner who is also the manager (full-time)	42	37.5	37.5	100.0
	Total	112	100.0	100.0	

Table 100: Number of Years in Role/Position (E20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	9	8.0	8.0	8.0
	1.5	1	.9	.9	8.9
	2.0	10	8.9	8.9	17.9
	3.0	9	8.0	8.0	25.9
	3.5	1	.9	.9	26.8
	4.0	11	9.8	9.8	36.6
	5.0	10	8.9	8.9	45.5
	6.0	6	5.4	5.4	50.9
	8.0	4	3.6	3.6	54.5
	9.0	6	5.4	5.4	59.8
	10.0	14	12.5	12.5	72.3
	11.0	5	4.5	4.5	76.8
	12.0	2	1.8	1.8	78.6
	13.0	1	.9	.9	79.5
	14.0	3	2.7	2.7	82.1
	15.0	3	2.7	2.7	84.8
	16.0	3	2.7	2.7	87.5
	17.0	2	1.8	1.8	89.3
	18.0	2	1.8	1.8	91.1
	19.0	1	.9	.9	92.0
	20.0	5	4.5	4.5	96.4
	22.0	2	1.8	1.8	98.2
	25.0	1	.9	.9	99.1
	39.0	1	.9	.9	100.0
	Total	112	100.0	100.0	

Table 101: Gender (E21)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	67	59.8	59.8	59.8
	Male	45	40.2	40.2	100.0
	Total	112	100.0	100.0	

Table 102: Age Group (E22)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 30	13	11.6	11.6	11.6
	31 - 40	29	25.9	25.9	37.5
	41 - 50	40	35.7	35.7	73.2
	51 – 60	27	24.1	24.1	97.3
	Over 60	3	2.7	2.7	100.0
	Total	112	100.0	100.0	

APPENDIX E:
MEAN RANKS TABLES

Table 103: Mean Ranks - Testing for Differences between Age Groups Regarding Impact of Business Environment Factors

Ranks			
age_4g		N	Mean Rank
Q12F1	1.00	13	52.04
	2.00	29	53.86
	3.00	40	60.03
	4.00	30	56.28
	Total	112	
Q12F2	1.00	13	75.73
	2.00	29	62.71
	3.00	40	50.60
	4.00	30	50.03
	Total	112	
Q14F1	1.00	13	67.65
	2.00	29	55.60
	3.00	40	52.96
	4.00	30	57.25
	Total	112	
Q14F2	1.00	13	65.00
	2.00	29	53.78
	3.00	40	58.03
	4.00	30	53.42
	Total	112	
Q15F1	1.00	13	65.65
	2.00	29	49.24
	3.00	40	58.41
	4.00	30	57.00
	Total	112	
Q15F2	1.00	13	75.04
	2.00	29	53.48
	3.00	40	55.19
	4.00	30	53.13
	Total	112	

Q16F1	1.00	13	64.15
	2.00	29	52.07
	3.00	40	58.93
	4.00	30	54.23
	Total	112	
Q17F1	1.00	13	77.85
	2.00	29	48.66
	3.00	40	61.48
	4.00	30	48.20
	Total	112	
Q17F2	1.00	13	67.96
	2.00	29	55.78
	3.00	40	56.99
	4.00	30	51.58
	Total	112	
Q17F3	1.00	13	73.12
	2.00	29	54.67
	3.00	40	59.20
	4.00	30	47.47
	Total	112	
Q17F4	1.00	13	76.12
	2.00	29	51.00
	3.00	40	55.38
	4.00	30	54.82
	Total	112	

Table 104: Mean Ranks - Testing for Differences between Role/Position (Owner) Regarding Impact of Business Environment Factors

Ranks			
owner_3g		N	Mean Rank
Q12F1	1.00	56	56.25
	2.00	14	47.04
	3.00	42	59.99
	Total	112	
Q12F2	1.00	56	53.15
	2.00	14	66.96
	3.00	42	57.48

	Total	112	
Q14F1	1.00	56	53.22
	2.00	14	71.68
	3.00	42	55.81
	Total	112	
Q14F2	1.00	56	50.13
	2.00	14	59.75
	3.00	42	63.92
	Total	112	
Q15F1	1.00	56	54.02
	2.00	14	68.00
	3.00	42	55.98
	Total	112	
Q15F2	1.00	56	53.95
	2.00	14	60.39
	3.00	42	58.61
	Total	112	
Q16F1	1.00	56	55.56
	2.00	14	61.68
	3.00	42	56.02
	Total	112	
Q17F1	1.00	56	50.71
	2.00	14	67.04
	3.00	42	60.70
	Total	112	
Q17F2	1.00	56	50.04
	2.00	14	61.50
	3.00	42	63.45
	Total	112	
Q17F3	1.00	56	50.76
	2.00	14	69.50
	3.00	42	59.82
	Total	112	
Q17F4	1.00	56	52.33
	2.00	14	55.04
	3.00	42	62.55
	Total	112	

Table 105: Mean Ranks - Testing for Differences between Age Groups Regarding Existence of Three Functional Dimensions

Ranks			
	age_4g	N	Mean Rank
f1test	1.00	13	73.65
	2.00	29	55.34
	3.00	40	57.88
	4.00	30	48.35
	Total	112	
f2test	1.00	13	71.69
	2.00	29	54.16
	3.00	40	58.23
	4.00	30	49.88
	Total	112	
f3test	1.00	13	57.54
	2.00	29	48.86
	3.00	40	51.83
	4.00	30	69.67
	Total	112	

Table 106: Mean Ranks - Testing for Differences between Role/Position (Owner) Regarding Existence of Three Functional Dimensions

Ranks			
	owner_3g	N	Mean Rank
f1test	1.00	56	50.90
	2.00	14	77.21
	3.00	42	57.06
	Total	112	
f2test	1.00	56	53.34
	2.00	14	71.39
	3.00	42	55.75
	Total	112	
f3test	1.00	56	61.13
	2.00	14	69.71
	3.00	42	45.92
	Total	112	

APPENDIX F:
DECLARATION OF PROFESSIONAL EDIT

Retha Burger
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Independent Skills Development Facilitator

Dear Ms Lawrence

This letter is to record that I have completed a language edit of your MCom dissertation entitled, "An Investigation into the Business Environment of Small, Medium and Micro Independent Caterers in Cape Town".

The edit that I carried out included the following:

-Spelling -Grammar
-Vocabulary -Punctuation
-Pronoun matches -Word usage
-Sentence structure -Correct acronyms (matching your supplied list)
-Captions and labels for figures and tables
-Spot checking of 10 references

The edit that I carried out excluded the following:

-Content
-Correctness or truth of information (unless obvious)
-Correctness/spelling of specific technical terms and words (unless obvious)
-Correctness/spelling of unfamiliar names and proper nouns (unless obvious)
-Correctness of specific formulae or symbols, or illustrations.

Yours sincerely

Retha Burger

11 August 2020